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## **FORM 10-K**

**TITAN INTERNATIONAL INC - TWI**

**Filed: February 25, 2010 (period: December 31, 2009)**

Annual report with a comprehensive overview of the company

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



FORM 10-K

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

For the fiscal year ended December 31, 2009  
or

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

Commission file number 1-12936

**TITAN INTERNATIONAL, INC.**  
(Exact name of registrant as specified in its charter)

**Illinois**  
(State or other jurisdiction of  
incorporation or organization)

**36-3228472**  
(I.R.S. Employer  
Identification No.)

**2701 Spruce Street, Quincy, IL 62301**  
(Address of principal executive offices)

**(217) 228-6011**  
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common stock, no par value	New York Stock Exchange (Symbol: TWI)

**Securities registered pursuant to Section 12(g) of the Act:** None

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

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

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 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  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  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately \$240 million based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2009.

As of February 15, 2010, a total of 35,275,510 shares of common stock of the registrant were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 13, 2010, are incorporated by reference into Part III of this Form 10-K.

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**TITAN INTERNATIONAL, INC.**  
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## PART I

### ITEM 1 – BUSINESS

#### INTRODUCTION

Titan International, Inc. and its subsidiaries (Titan or the Company) hold the unique position of manufacturing both wheels and tires for its target markets. As a leading manufacturer in the off-highway industry, Titan produces a broad range of specialty products to meet the specifications of original equipment manufacturers (OEMs) and aftermarket customers in the agricultural, earthmoving/construction and consumer markets. Titan's earthmoving/construction market includes wheels and tires supplied to the mining industry, while the consumer market includes products for all-terrain vehicles (ATVs) and recreational/utility trailers.

As one of the few companies dedicated to off-highway wheel and tire products, Titan's engineering and manufacturing resources are focused on designing quality products that address the real-life concerns of our end-users. Titan's team of experienced engineers continually works on new and improved engineered products that evolve with today's applications for the off-highway wheel and tire markets.

- **History**

Titan traces its roots to the Electric Wheel Company in Quincy, Illinois, which was founded in 1890. The Company was incorporated in 1983. The Company has grown through two major asset acquisitions in recent years. In 2005, Titan Tire Corporation, a subsidiary of the Company, acquired The Goodyear Tire & Rubber Company's North American farm tire assets. In 2006, Titan Tire Corporation of Bryan, a subsidiary of the Company, acquired the off-the-road (OTR) tire assets of Continental Tire North America, Inc. These asset acquisitions have allowed Titan to achieve higher sales levels and enhance product offering in the Company's target markets.

- **Market Sales**

In 2009, Titan's agricultural market sales represented 77% of net sales, the earthmoving/construction market represented 20% and the consumer market represented 3% of net sales. For information concerning the revenues, certain expenses, income from operations and assets attributable to each of the segments in which the Company operates, see Note 26 to the consolidated financial statements of Titan, included in Item 8 herein.

#### COMPETITIVE STRENGTHS

Titan's strong market position in the off-highway wheel and tire market and its long-term core customer relationships contribute to the Company's competitive strengths. These strengths, along with Titan's dedication to the off-highway wheel and tire market, continue to drive the Company forward.

- **Strong Market Position**

Titan's ability to offer a broad range of specialized wheels, tires and assemblies has resulted in the Company's strong position in the domestic off-highway market. Through a diverse dealer network, the Company is able to reach an increasing number of customers in the aftermarket and build Titan's image and brand recognition. The Company's acquisition of the Goodyear Farm Tire brand in North America contributes to overall visibility and customer confidence. Years of product design and engineering experience have enabled Titan to improve existing products and develop new ones that have been well received in the marketplace. In addition, Titan believes it has benefited from significant barriers to entry, such as the substantial investment necessary to replicate the Company's manufacturing equipment and numerous tools, dies and molds, many of which are used in custom processes.

- **Long-Term Core Customer Relationships**

The Company's top customers, including global leaders in agricultural and construction equipment manufacturing, have been purchasing products from Titan or its predecessors for numerous years. Customers including AGCO Corporation, Caterpillar Inc., CNH Global N.V., Deere & Company and Kubota Corporation have helped sustain Titan's leadership in wheel, tire and assembly innovation.

## **BUSINESS STRATEGY**

Titan's business strategy is to continue its growth into the giant OTR market, increase its presence in the tire aftermarket, continue to improve operating efficiencies, maintain emphasis on new product development and explore possible additional strategic acquisitions.

- **Giant Mining Tire Product**

In May 2007, Titan's Board of Directors approved funding for the Company to increase OTR mining tire production capacity to include giant mining tires. These giant tires offer an opportunity for a new product offering in the earthmoving marketplace. The "Big Daddy" giant tire is approximately 13 feet tall and weighs in at approximately 12,500 pounds. The Company began start-up production of these giant mining tires in the third quarter of 2008.

- **Increase Aftermarket Tire Business**

The Company has concentrated on increasing its presence in the tire aftermarket, which historically has tended to be somewhat less cyclical than the OEM market. The aftermarket also offers the potential for higher profit margins and is larger in most cases.

- **Improve Operating Efficiencies**

The Company continually works to improve the operating efficiency of its assets and manufacturing facilities. Titan integrates each facility's strength, which may include transferring equipment and business to the facilities that are best equipped to handle the work. This provides capacity to increase utilization and spread operating costs over a greater volume of products. Titan is also continuing a comprehensive program to refurbish, modernize and enhance the computer technology of its manufacturing equipment. The Company has centralized and streamlined inventory controls. These efforts have led to improved management of order backlogs and have substantially improved Titan's ability to respond to customer orders on a timely basis.

- **Enhance Design Capacity and New Product Development**

Equipment manufacturers constantly face changing industry dynamics. Titan directs its business and marketing strategy to understand and address the needs of its customers and demonstrate the advantages of its products. In particular, the Company often collaborates with customers in the design of new and enhanced products. Titan will occasionally recommend modified products to its customers based on its own market information. These value-added services enhance Titan's relationships with its customers. The Company tests new designs and technologies and develops methods of manufacturing to improve product quality and performance. Titan's engineers recently introduced designs for giant mining wheels and tires, which went into start-up production in third quarter 2008. These giant tires employ an innovative steel radial construction technology, new to the OTR tire industry, to enhance performance and durability. Titan's engineers are also working on a new 15-degree tire and wheel design for OTR and farm radial assemblies to improve tire and wheel life.

- **Explore Additional Strategic Acquisitions**

The Company's expertise in the manufacture of off-highway wheels and tires has permitted it to take advantage of opportunities to acquire businesses in the United States that complement this product line, including companies engaged in the tire market and companies that have wheel and tire assembly capabilities. In the future, Titan may make additional strategic acquisitions of businesses that have an off-highway focus.

In September 2009, Titan signed a letter of intent with The Goodyear Tire & Rubber Company to purchase certain farm tire assets, including the Goodyear Dunlop Tires France (GDTF) Amiens North factory. This agreement is non-binding and will be subject to GDTF's satisfactory completion of a social plan related to consumer tire activity at the Amiens North facility, along with completion of due diligence, a definitive acquisition agreement and other standard acquisition approval requirements. At this time, the due diligence process continues. There is no assurance that definitive agreements will be executed or that the acquisition will be consummated.

## AGRICULTURAL MARKET

Titan's agricultural rims, wheels and tires are manufactured for use on various agricultural and forestry equipment, including tractors, combines, skidders, plows, planters and irrigation equipment, and are sold directly to OEMs and to the aftermarket through independent distributors, equipment dealers and Titan's own distribution centers. The wheels and rims range in diameter from 9 to 54 inches, with the 54-inch diameter being the largest agricultural wheel manufactured in North America. Basic configurations are combined with distinct variations (such as different centers and a wide range of material thickness) allowing the Company to offer a broad line of products to meet customer specifications. Titan's agricultural tires range from approximately 1 foot to approximately 7 foot in outside diameter and from 5 to 44 inches in width. The Company offers the added value of delivering a complete wheel and tire assembly to customers.

## EARTHMOVING/CONSTRUCTION MARKET

The Company manufactures rims, wheels and tires for various types of OTR earthmoving, mining, military and construction equipment, including skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks and backhoe loaders. The earthmoving/construction market is often referred to as OTR, an acronym for off-the-road. The Company provides OEM and aftermarket customers with a broad range of earthmoving/construction wheels ranging in diameter from 20 to 63 inches and in weight from 125 pounds to 7,000 pounds. The 63-inch diameter wheel is the largest manufactured in North America for the earthmoving/construction market. Titan's earthmoving/construction tires range from approximately 3 feet to approximately 13 feet in outside diameter and in weight from 50 pounds to 12,500 pounds. The Company offers the added value of wheel and tire assembly for certain applications in the earthmoving/construction market.

## CONSUMER MARKET

Titan builds select products for ATVs, turf, golf car and trailer applications. Consumer wheels and rims range from 8 to 16 inches in diameter. Likewise, Titan produces a variety of tires for the consumer market. ATV tires using the new stripwinding manufacturing process have been introduced to the marketplace, which improves tread durability. Titan's sales in the consumer market include sales to Goodyear, which include an off-take/mixing agreement. This agreement includes mixed stock, which is a prepared rubber compound used in tire production. For the domestic boat, recreational and utility trailer markets, the Company provides wheels and tires and assembles brakes, actuators and components. The Company also offers the value-added service of a wheel and tire assembly for the consumer market.

## MARKET SALES

(Amounts in thousands)

	Year ended December 31,					
	2009		2008		2007	
	Net Sales	% of Total Net Sales	Net Sales	% of Total Net Sales	Net Sales	% of Total Net Sales
Agricultural	\$ 563,528	77%	\$ 729,895	70%	\$ 515,642	62%
Earthmoving/construction	144,589	20%	281,008	27%	277,206	33%
Consumer	19,482	3%	25,797	3%	44,173	5%
	<u>\$ 727,599</u>		<u>\$ 1,036,700</u>		<u>\$ 837,021</u>	

## MARKET CONDITIONS OUTLOOK

The magnitude and duration of the worldwide recession and economic crisis makes it extremely difficult to forecast future sales levels. In 2009, Titan experienced a sales decline across the board. This decline was more severe in the second half of the year. Titan may experience possible sales declines in each of the Company's markets for the first part of 2010. Although the short-term outlook may include possible sales declines, the Company has seen signs that the market may currently be experiencing the bottom of the cycle. The Company is cautiously optimistic that sales may move higher as Titan goes forward through 2010, however, there can be no assurance that the decline in sales will not continue.

Energy, raw material and petroleum-based product costs have been exceptionally volatile and may negatively impact the Company's margins. Many of Titan's overhead expenses are fixed; therefore, lower seasonal trends may cause negative fluctuations in quarterly profit margins and affect the financial condition of the Company.

## OPERATIONS

Titan's operations include manufacturing wheels, manufacturing tires, and combining these wheels and tires into assemblies for use in the agricultural, earthmoving/construction and consumer markets. These operations entail many manufacturing processes in order to complete the finished products.

- **Wheel Manufacturing Process**

Most agricultural wheels are produced using a rim and a center disc. A rim is produced by first cutting large steel sheets to required width and length specifications. These steel sections are rolled and welded to form a circular rim, which is flared and formed in the rollform operation. The majority of discs are manufactured using presses that both blank and form the center to specifications in multiple stage operations. The Company e-coats wheels using a multi-step process prior to the final paint top coating.

Large earthmoving/construction steel wheels are manufactured from hot and cold-rolled steel sections. Hot-rolled sections are generally used to increase cross section thickness in high stress areas of large diameter wheels. A special cold forming process for certain wheels is used to increase cross section thickness while reducing the number of wheel components. Rims are built from a series of hoops that are welded together to form a rim base. The complete rim base is made from either three or five separate parts that lock together after the rubber tire has been fitted to the wheel and inflated.

For most consumer market wheels, the Company manufactures rims and center discs from steel sheets. Rims are rolled and welded, and discs are stamped and formed from the sheets. The manufacturing process then entails welding the rims to the centers and painting the assembled product.

- **Tire Manufacturing Process**

The first stage in tire production is the mixing of rubber, carbon black and chemicals to form various rubber compounds. These rubber compounds are then extruded and processed with textile or steel materials to make specific components. These components – beads (wire bundles that anchor the tire with the wheel), plies (layers of fabric that give the tire strength), belts (fabric or steel fabric wrapped under the tread in some tires), tread and sidewall – are then assembled into an uncured tire carcass. The uncured carcass is placed into a press that molds and vulcanizes the carcass under set time, temperature and pressure into a finished tire.

- **Wheel and Tire Assemblies**

The Company's position as a manufacturer of both wheels and tires allows Titan to mount and deliver one of the largest selections of off-highway assemblies in North America. Titan offers this value-added service of one-stop shopping for wheel and tire assemblies for the agricultural, earthmoving/construction and consumer markets. Customer orders are entered into the Company's system either through electronic data interchange or manually. The appropriate wheel-tire assembly delivery schedule is established based on each customer's requirements and products are received by the customer on a just-in-time basis.

- **Quality Control**

The Company is ISO certified at all five main manufacturing facilities located in Bryan, Ohio; Des Moines, Iowa; Freeport, Illinois; Quincy, Illinois; and Saltville, Virginia. The ISO series is a set of related and internationally recognized standards of management and quality assurance. The standards specify guidelines for establishing, documenting and maintaining a system to ensure quality. The ISO certifications are a testament to Titan's dedication to providing quality products for its customers.

## RAW MATERIALS

Steel and rubber are the primary raw materials used by the Company in all segments. To ensure a consistent steel supply, Titan purchases raw steel from key steel mills and maintains relationships with steel processors for steel preparation. The Company is not dependent on any single producer for its steel supply. Rubber and other raw materials for tire manufacture represent some of the Company's largest commodity expenses. Titan buys rubber in markets where there are usually several sources of supply. In addition to the development of key domestic suppliers, the Company's strategic procurement plan includes international steel and rubber suppliers to assure competitive price and quality in the global marketplace. As is customary in the industry, the Company does not have long-term contracts for the purchase of steel or rubber and, therefore, purchases are subject to price fluctuations.

## **CAPITAL EXPENDITURES**

Capital expenditures for 2009, 2008 and 2007 were \$39.5 million, \$80.0 million and \$38.0 million, respectively. Included in capital expenditures were amounts for the giant OTR project of approximately \$23 million in 2009, approximately \$60 million in 2008 and approximately \$22 million in 2007. The remaining capital expenditures in each year were used primarily for updating manufacturing equipment, expanding manufacturing capacity and for further automation at the Company's facilities. Capital expenditures for 2010 are forecasted to be approximately \$12 million to \$16 million. These capital expenditures are anticipated to be used to enhance the Company's existing facilities and manufacturing capabilities.

## **PATENTS, TRADEMARKS AND ROYALTIES**

The Company owns various patents and trademarks and continues to apply for patent protection for new products. While patents are considered significant to the operations of the business, at this time Titan does not consider any one of them to be of such importance that the patent's expiration or invalidity could materially affect the Company's business. However, due to the difficult nature of predicting the interpretation of patent laws, the Company cannot anticipate or predict the material adverse effect on its operations, cash flows or financial condition as a result of associated liabilities created under such patent interpretations.

The Company pays a royalty relating to a license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America. Titan currently plans to continue using the Goodyear trademark until circumstances require a change. The current term of the agreement with Goodyear is for the next three years.

## **MARKETING AND DISTRIBUTION**

The Company employs an internal sales force and utilizes several manufacturing representative firms for sales in North America. Sales representatives are primarily organized within geographic regions.

Titan distributes wheels and tires directly to OEMs. The distribution of aftermarket tires occurs primarily through a network of independent and OEM-affiliated dealers. The Company distributes wheel and tire assemblies directly to OEMs and aftermarket customers through its distribution network consisting of eight facilities in the United States.

## **SEASONALITY**

Agricultural equipment sales are seasonal by nature. Farmers generally order equipment to be delivered before the growing season. Shipments to OEMs usually peak during the Company's first and second quarters for the spring planting period. Earthmoving/construction and consumer markets also historically tend to experience higher demand in the first and second quarters. These markets are affected by mining, building and economic conditions.

## **RESEARCH, DEVELOPMENT AND ENGINEERING**

The Company's research, development and engineering staff tests original designs and technologies and develops new manufacturing methods to improve product performance. These services enhance the Company's relationships with its customers. Titan's engineers recently introduced designs for giant OTR tires, which began start-up production in third quarter 2008. These giant tires employ an innovative steel radial construction technology, new to the OTR tire industry, to enhance performance and durability. Titan's engineers are also working on a new 15-degree tire and wheel design for OTR and farm radial assemblies. This revolutionary technology will simplify maintenance to minimize downtime, provide better air retention, simplify mounting and increase service life. The Company continues to work on sidewall improvements including the LSW (low sidewall) tire design. Research and development (R&D) expenses are expensed as incurred. R&D costs were \$8.9 million, \$3.5 million and \$1.7 million for the years of 2009, 2008 and 2007, respectively.

## **CUSTOMERS**

Titan's 10 largest customers accounted for approximately 54% of net sales for the year ended December 31, 2009, compared to approximately 51% for the year ended December 31, 2008. Net sales to Deere & Company in Titan's agricultural, earthmoving/construction and consumer markets combined represented approximately 24% and 22% of the Company's consolidated revenues for the years ended December 31, 2009 and 2008, respectively. Net sales to CNH Global N.V. in Titan's three markets represented approximately 13% and 12% of the Company's consolidated revenues for the years ended December 31, 2009 and 2008, respectively. No other customer accounted for more than 10% of the Company's net sales in 2009 or 2008. Management believes the Company is not totally dependent on any single customer; however, certain products are dependent on a few customers. While the loss of any substantial customer could impact Titan's business, the Company believes that its diverse product mix and customer base may minimize a longer-term impact caused by any such loss.

## **ORDER BACKLOG**

As of January 31, 2010, Titan estimates \$134 million in firm orders compared to \$201 million at January 31, 2009, for the Company's operations. Orders are considered firm if the customer would be obligated to accept the product if manufactured and delivered pursuant to the terms of such orders. The Company believes that the majority of the current order backlog will be filled during the present year.

## **INTERNATIONAL OPERATIONS**

In accordance with Accounting Standards Codification (ASC) 320 Investments – Debt and Equity Securities, the Company records the Titan Europe Plc investment as an available-for-sale security and reports the investment at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of comprehensive income in stockholders' equity. Should the fair value decline below the cost basis, the Company would be required to determine if this decline is other than temporary. If the decline in fair value were judged to be other than temporary, an impairment charge would be recorded. The Company's stock ownership interest in Titan Europe Plc was 22.9% at December 31, 2009, and 17.2% at December 31, 2008. The fair value of the Company's investment in Titan Europe Plc was \$6.5 million and \$2.6 million at December 31, 2009 and 2008. Titan Europe Plc is publicly traded on the AIM market in London, England.

## **EMPLOYEES**

At December 31, 2009, the Company employed approximately 2,400 people in the United States. Approximately 46% of the Company's employees in the United States were covered by collective bargaining agreements. All of the Company's labor agreements for its (i) Bryan, Ohio; (ii) Des Moines, Iowa; and (iii) Freeport, Illinois, facilities expire on November 19, 2010 for the employees covered by their respective collective bargaining agreements. The Company believes employee relations are generally good.

## **EXPORT SALES**

The Company had total aggregate export sales of approximately \$82.7 million, \$128.8 million and \$77.0 million, for the years ended December 31, 2009, 2008 and 2007, respectively.

## **ENVIRONMENTAL LAWS AND REGULATIONS**

In the ordinary course of business, like other industrial companies, Titan is subject to extensive and evolving federal, state and local environmental laws and regulations, and has made provisions for the estimated financial impact of environmental cleanup. The Company's policy is to accrue environmental cleanup-related costs of a non-capital nature when those costs are believed to be probable and can be reasonably estimated. Expenditures that extend the life of the related property, or mitigate or prevent future environmental contamination, are capitalized. The Company does not currently anticipate any material capital expenditures for environmental control facilities. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, advances in environmental technologies, the quality of information available related to specific sites, the assessment stage of the site investigation, preliminary findings and the length of time involved in remediation or settlement. Due to the difficult nature of predicting future environmental costs, the Company cannot anticipate or predict the material adverse effect on its operations, cash flows or financial condition as a result of efforts to comply with, or its liabilities under, environmental laws.

## COMPETITION

The Company competes with several domestic and international companies, some of which are larger and have greater financial and marketing resources than Titan. The Company believes it is a primary source of steel wheels and rims to the majority of its North American customers. Major competitors in the off-highway wheel market include Carlisle Companies Incorporated, GKN Wheels, Ltd., Topy Industries, Ltd. and certain other foreign competitors. Significant competitors in the off-highway tire market include Bridgestone/Firestone, Carlisle Companies Incorporated, Michelin and certain other foreign competitors.

The Company competes primarily on the basis of price, quality, customer service, design capability and delivery time. The Company's ability to compete with international competitors may be adversely affected by currency fluctuations. In addition, certain of the Company's OEM customers could, under individual circumstances, elect to manufacture the Company's products to meet their requirements or to otherwise compete with the Company. There can be no assurance that the Company will not be adversely affected by increased competition in the markets in which it operates, or that competitors will not develop products that are more effective, less expensive or otherwise render certain of Titan's products less competitive. From time to time, certain of the Company's competitors have reduced their prices in particular product categories, which has prompted Titan to reduce prices as well. There can be no assurance that competitors of the Company will not further reduce prices in the future or that any such reductions would not have a material adverse effect on the Company.

## CONVERTIBLE SENIOR SUBORDINATED NOTES DUE 2017

On December 21, 2009, the Company closed its offering of \$172.5 million principal amount of 5.625% Convertible Senior Subordinated Notes due 2017 (Notes), which included the exercise in full of the initial purchasers' option to purchase \$22.5 million principal amount of additional Notes to cover over-allotments. The Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended and to other investors pursuant to another applicable exemption from registration.

Titan received net proceeds from the offering of approximately \$166 million after deducting initial purchasers' discounts and estimated offering expenses. Titan intends to use the proceeds from the offering for general corporate purposes, including financing potential future acquisitions and repayment of existing debt obligations.

The Notes will bear cash interest semiannually at an annual rate of 5.625%. Upon conversion, the Company will deliver a number of shares of its common stock as described in the indenture. The initial base conversion rate for the Notes is 93.0016 shares of Titan common stock per \$1,000 principal amount of Notes, equivalent to an initial base conversion price of approximately \$10.75 per share of Titan common stock. If the price of Titan common stock at the time of determination exceeds the base conversion price, the base conversion rate will be increased by an additional number of shares (up to 9.3002 shares of Titan common stock per \$1,000 principal amount of Notes) as determined pursuant to a formula described in the indenture. The base conversion rate will be subject to adjustment in certain events. The initial base conversion price represents a premium of 37.5% relative to the December 15, 2009, closing sale price of Titan common stock.

Titan will have the right to redeem the Notes in whole or in part at a specified redemption price on or after January 20, 2014 if the closing sale price of its common stock exceeds 130% of the base conversion price then in effect for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day immediately prior to the date of the redemption notice. The Notes will be subordinated in right of payment to Titan's existing 8% senior notes due 2012.

## NEW YORK STOCK EXCHANGE CERTIFICATION

The Company submitted to the New York Stock Exchange during fiscal 2009 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

## AVAILABLE INFORMATION

The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports are made available, without charge, through the Company's website located at [www.titan-intl.com](http://www.titan-intl.com) as soon as reasonably practicable after they are filed with the Securities and Exchange Commission (SEC). The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The following documents are also posted on the Company's website:

- Corporate Governance Policy
- Business Conduct Policy
- Audit Committee Charter
- Compensation Committee Charter
- Nominating/Corporate Governance Committee Charter

Printed copies of these documents are available, without charge, by writing to: Titan International, Inc.,  
c/o Corporate Secretary, 2701 Spruce Street, Quincy, IL 62301.

## ITEM 1A – RISK FACTORS

The Company is subject to various risks and uncertainties relating to or arising out of the nature of its business and general business, economic, financing, legal and other factors or conditions that may affect the Company. Realization of any of the following risks could have a material adverse effect on Titan's business, financial condition, cash flows and results of operations.

- **The Company is exposed to price fluctuations of key commodities.**

The Company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge exposures to commodity market price fluctuations. Therefore, the Company is exposed to price fluctuations of key commodities, which consist primarily of steel and rubber. Although the Company attempts to pass on certain material price increases to its customers, there is no assurance that the Company will be able to do so in the future. Any increase in the price of steel and rubber that is not passed on to customers could have an adverse material effect on Titan's results of operations.

- **The Company relies on a limited number of suppliers.**

The Company currently relies on a limited number of suppliers for certain key commodities, which consist primarily of steel and rubber, in the manufacturing of Titan products. The loss of key suppliers or their inability to meet price, quality, quantity and delivery requirements could have a significant adverse impact on the Company's results of operations.

- **The economic crisis and recession has and may continue to affect the Company and its customers.**

The global economy has faced an extended worldwide recession and economic crisis. This recession and economic crisis has put pressure on the liquidity of and demand from customers. The resulting decrease in Titan's sales has adversely affected results of operations. The magnitude and duration of this recession and economic crisis make it extremely difficult to forecast future sales levels. A continuation of the recession or worsening of the economic crisis could have an adverse material effect on Titan's results of operations.

- **The Company's revolving credit facility and debt obligation contain covenants.**

The Company's revolving credit facility and debt obligations contain covenants and restrictions. In connection with the convertible senior subordinated note offering, Titan agreed to add an additional mutually agreeable covenant to the Company's revolving credit facility, which is not yet in place. These covenants and restrictions could limit Titan's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions. The failure to meet these items could result in the Company ultimately being in default. Titan's ability to comply with the covenants may be affected by events beyond its control, including prevailing economic, financial and industry conditions.

- **The Company operates in cyclical industries and is subject to numerous changes in the economy.**

The Company sales are substantially dependent on three major industries: agricultural equipment, earthmoving/construction equipment and consumer products. The business activity levels in these industries are subject to specific industry and general economic cycles. Any downturn in these industries or the general economy could have an adverse material effect on Titan's business.

The agricultural equipment industry is affected by crop prices, farm income and farmland values, weather, export markets and government policies. The earthmoving/construction industry is affected by the levels of government and private construction spending and replacement demand. The consumer products industry is affected by consumer disposable income, weather, competitive pricing, energy prices and consumer attitudes. In addition, the performance of these industries is sensitive to interest rate changes and varies with the overall level of economic activity.

- **The Company's customer base is relatively concentrated.**

The Company's ten largest customers, which are primarily original equipment manufacturers (OEMs), accounted for approximately 54% of Titan's net sales for 2009. Net sales to Deere & Company and CNH Global N.V. represented 24% and 13% , respectively, of total 2009 net sales. No other customer accounted for more than 10% of net sales in 2009. As a result, Titan's business could be adversely affected if one of its larger customers reduces its purchases from Titan due to work stoppages or slow-downs, financial difficulties, as a result of termination provisions, competitive pricing or other reasons. There is also continuing pressure from the OEMs to reduce costs, including the cost of products and services purchased from outside suppliers such as Titan. The Company has had long-term relationships with major customers and expects to continue these relationships. There can be no assurance that Titan will be able to maintain such ongoing relationships. Any failure to maintain the Company's relationship with a leading customer could have an adverse effect on results of operations.

- **The Company's revenues are seasonal in nature due to Titan's dependence on seasonal industries.**

The agricultural, earthmoving/construction and recreational industries are seasonal, with typically lower sales during the second half of the year. This seasonality in demand has resulted in fluctuations in the Company's revenues and operating results. Because much of Titan's overhead expenses are fixed, seasonal trends can cause reductions in quarterly profit margins and financial condition, especially during slower periods.

- **The Company may be adversely affected by changes in government regulations and policies.**

Domestic and foreign political developments and government regulations and policies directly affect the agricultural, earthmoving/construction and consumer products industries in the United States and abroad. Regulations and policies in the agricultural industry include those encouraging farm acreage reduction in the United States and granting ethanol subsidies. Regulations and policies relating to the earthmoving/ construction industry include the construction of roads, bridges and other items of infrastructure. The modification of existing laws, regulations or policies or the adoption of new laws, regulations or policies could have an adverse effect on any one or more of these industries and therefore on Titan's business.

- **The Company is subject to corporate governance requirements, and costs related to compliance with, or failure to comply with, existing and future requirements could adversely affect Titan's business.**

The Company is subject to corporate governance requirements under the Sarbanes-Oxley Act of 2002, as well as new rules and regulations subsequently adopted by the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and the New York Stock Exchange (NYSE). These laws, rules and regulations continue to evolve and may become increasingly restrictive in the future. Failure to comply with these laws, rules and regulations may have an adverse material effect on Titan's reputation, financial condition and the value of the Company's securities.

- **The Company faces substantial competition from domestic and international companies.**

The Company competes with several domestic and international competitors, some of which are larger and have greater financial and marketing resources than Titan. Titan competes primarily on the basis of price, quality, customer service, design capability and delivery time. The Company's ability to compete with international competitors may be adversely affected by currency fluctuations. In addition, certain OEM customers could, under certain circumstances, elect to manufacture certain products to meet their own requirements or to otherwise compete with Titan.

There can be no assurance that Titan's businesses will not be adversely affected by increased competition in the Company's markets or that competitors will not develop products that are more effective or less expensive than Titan products or which could render certain products less competitive. From time to time certain competitors have reduced prices in particular product categories, which has caused Titan to reduce prices. There can be no assurance that in the future Titan's competitors will not further reduce prices or that any such reductions would not have a material adverse effect on Titan's business.

- **The Company could be negatively impacted if Titan fails to maintain satisfactory labor relations.**

At December 31, 2009, approximately 46% of Titan employees in the United States were covered by three collective bargaining agreements. Upon the expiration of any of the collective bargaining agreements, however, Titan may be unable to negotiate new collective bargaining agreements on terms that are cost effective to the Company. The business operations may be affected as a result of labor disputes or difficulties and delays in the process of renegotiating collective bargaining agreements.

In 1998, the employees in the Des Moines, Iowa, facility went on strike for approximately 40 months. Titan's labor agreements expire in November 2010. The Company cannot be assured that there will not be any other labor disruptions or strikes at Titan facilities that adversely affect business.

- **Unfavorable outcomes of legal proceedings could adversely affect results of operations.**

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

- **Acquisitions may require significant resources and/or result in significant losses, costs or liabilities.**

Any future acquisitions will depend on the ability to identify suitable acquisition candidates, to negotiate acceptable terms for their acquisition and to finance those acquisitions. Titan will also face competition for suitable acquisition candidates that may increase costs. In addition, acquisitions require significant managerial attention, which may be diverted from current operations. Furthermore, acquisitions of businesses or facilities entail a number of additional risks, including:

- problems with effective integration of operations
- the inability to maintain key pre-acquisition customer, supplier and employee relationships
- the potential that expected benefits or synergies are not realized and operating costs increase
- exposure to unanticipated liabilities

Many of these risks would be accentuated if Titan acquires businesses overseas due to the operations, employees and customers would largely be located outside of the United States and the Company's acquisition strategy has recently focused on domestic businesses. In September 2009, Titan signed a letter of intent with The Goodyear Tire & Rubber Company to purchase certain farm tire assets, including the Goodyear Dunlop Tires France (GDTF) Amiens North factory. This agreement is non-binding and will be subject to GDTF's satisfactory completion of a social plan related to consumer tire activity at the Amiens North facility, along with completion of due diligence, a definitive acquisition agreement and other standard acquisition approval requirements. At this time, the due diligence process continues. There is no assurance that definitive agreements will be executed or that the acquisition will be consummated.

Subject to the terms of indebtedness, the Company may finance future acquisitions with cash from operations, additional indebtedness and/or by issuing additional equity securities. These commitments may impair the operation of Titan's businesses. In addition, the Company could face financial risks associated with incurring additional indebtedness such as reducing liquidity and access to financing markets and increasing the amount of cash flow required to service such indebtedness.

- **The Company has export sales and purchases raw material from foreign suppliers.**

The Company had total aggregate export sales of approximately \$82.7 million, \$128.8 million and \$77.0 million, for the years ended December 31, 2009, 2008 and 2007, respectively.

*Export Sales* – Exports to foreign markets are subject to a number of special risks, including but not limited to risks with respect to currency exchange rates, economic and political destabilization, other disruption of markets and restrictive actions by foreign governments (such as restrictions on transfer of funds, export duties and quotas and foreign customs). Other risks include changes in foreign laws regarding trade and investment; difficulties in obtaining distribution and support; nationalization; reforms of United States laws and policies affecting trade, foreign investment and loans; and foreign tax laws. There can be no assurance that one, or a combination of these factors will not have a material adverse effect on the Company's ability to increase or maintain its export sales.

*Foreign Suppliers* – The Company purchases raw materials from foreign suppliers. The production costs, profit margins and competitive position of the Company are affected by the strength of the currencies in countries where Titan purchases goods, relative to the strength of the currencies in countries where the products are sold. The Company's results of operations, cash flows and financial position may be affected by fluctuations in foreign currencies.

- **The Company may be subject to product liability and warranty claims.**

The Company warrants its products to be free of certain defects and accordingly may be subject in the ordinary course of business to product liability or product warranty claims. Losses may result or be alleged to result from defects in Titan products, which could subject the Company to claims for damages, including consequential damages. There can be no assurance that Company insurance will be adequate for liabilities actually incurred or that adequate insurance will be available on terms acceptable to the Company. Any claims relating to defective products that result in liability exceeding Titan's insurance coverage could have a material adverse effect on financial condition and results of operations. Further, claims of defects could result in negative publicity against Titan, which could adversely affect the Company's business.

- **The Company has incurred, and may incur in the future, net losses.**

The Company reported net loss of \$(24.6) million and \$(7.2) million for the years ended December 31, 2009, and 2007, respectively. As a result of the 2009 net loss, the Company has a net operating loss carryforward for income tax purposes. If Titan would continue to incur net losses, the Company may not be able to realize the tax benefit of these net operating losses.

- **The Company is subject to risks associated with climate change and climate change regulations.**

Governmental regulatory bodies in the United States and other countries have, or are, contemplating introducing regulatory changes in response to the potential impacts of climate change. Laws and regulations regarding climate change and energy usage may impact the Company directly through higher costs for energy and raw materials. The Company's customers may also be affected by climate change regulations that may impact future purchases. Physical climate change may potentially have a large impact on the Company's two largest industry segments, agriculture and earthmoving/construction. The potential impacts of climate change and climate change regulations are highly uncertain at this time, and the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of climate change and climate change regulations.

- **The Company is subject to risks associated with environmental laws and regulations.**

The Company's operations are subject to federal, state, local and foreign laws and regulations governing, among other things, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. The Company's operations entail risks in these areas, and there can be no assurance that Titan will not incur material costs or liabilities. In addition, potentially significant expenditures could be required in order to comply with evolving environmental and health and safety laws, regulations or requirements that may be adopted or imposed in the future.

## ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

## ITEM 2 – PROPERTIES

The Company's properties are detailed by the location, size and focus of each facility as provided in the table below:

Location	Approximate square footage		Use	Segment
	Owned	Leased		
Des Moines, Iowa	2,047,000		Manufacturing, distribution	All segments
Freeport, Illinois	1,202,000		Manufacturing, distribution	All segments
Quincy, Illinois	1,134,000		Manufacturing, distribution	All segments
Brownsville, Texas	993,000		Storage	See note (a)
Bryan, Ohio	714,000		Manufacturing, distribution	All segments
Greenwood, S. Carolina	110,000		Storage	See note (a)
Dublin, Georgia	20,000		Distribution	All segments
Saltville, Virginia	14,000	245,000	Manufacturing, distribution	Earthmoving/Construction
Natchez, Mississippi		1,203,000	Storage	See note (a)
Pendergrass, Georgia		120,000	Distribution	All segments
Elko, Nevada		4,000	Distribution	Earthmoving/Construction

(a) The Brownsville, Greenwood and Natchez facilities are currently being used for storage. The Company's facilities in Brownsville, Texas; Greenwood, South Carolina, and Natchez, Mississippi, are not in operation.

The Company considers each of its facilities to be in good condition and adequate for present use. Management believes that the Company has sufficient capacity to meet current market demand with the active facilities. The Company has no current plans to restart manufacturing at the storage facilities described in note (a) above.

## ITEM 3 – LEGAL PROCEEDINGS

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

## ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to the vote of security holders during the fourth quarter of 2009.

## PART II

### ITEM 5 – MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

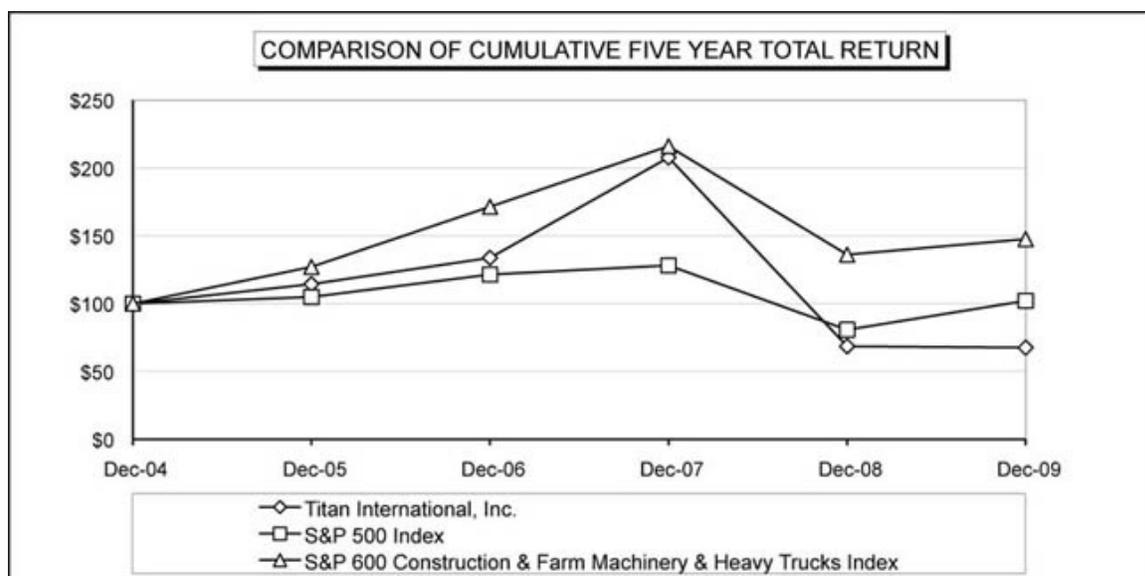
The Company’s common stock is traded on the New York Stock Exchange (NYSE) under the symbol TWI. Titan executed a five-for-four stock split effective August 15, 2008. All share and per share data, except shares authorized, have been adjusted to reflect the effect of the stock split for all periods presented. On February 15, 2010, there were approximately 500 holders of record of Titan common stock and an estimated 6,500 beneficial stockholders. The following table sets forth the high and low sales prices per share of common stock as reported on the NYSE, as well as information concerning per share dividends declared for the periods indicated.

	High	Low	Dividends Declared
<b>2009</b>			
First quarter	\$ 11.44	\$ 3.05	\$ 0.005
Second quarter	10.45	4.82	0.005
Third quarter	9.87	5.79	0.005
Fourth quarter	10.35	7.55	0.005
<b>2008</b>			
First quarter *	\$ 27.86	\$ 19.36	\$ 0.004
Second quarter *	36.31	24.53	0.004
Third quarter *	37.77	19.78	0.005
Fourth quarter	21.10	5.40	0.005

\* Adjusted to reflect the five-for-four stock split that took place in 2008.

#### PERFORMANCE COMPARISON GRAPH

The performance graph compares cumulative total return for the Company’s common stockholders over the past five years against the cumulative total return of the Standard & Poor’s 600 Construction and Farm Machinery and Heavy Trucks Index, and against the Standard & Poor’s 500 Stock Index. The graph depicts the value on December 31, 2009, of a \$100 investment made on December 31, 2004, in Company common stock and each of the other two indices, with all dividends reinvested. Titan’s common stock is traded on the NYSE under the symbol TWI.



#### Fiscal Year Ended December 31,

	2004	2005	2006	2007	2008	2009
Titan International, Inc.	\$ 100.00	\$ 114.39	\$ 133.77	\$ 207.67	\$ 68.59	\$ 67.61
S&P 500 Index	100.00	104.91	121.48	128.16	80.74	102.11
S&P 600 Const. & Farm Machinery Index	100.00	127.11	171.42	216.03	136.11	147.58

## ITEM 6 – SELECTED FINANCIAL DATA

The selected financial data presented below, as of and for the years ended December 31, 2009, 2008, 2007, 2006, and 2005, are derived from the Company's consolidated financial statements, as audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and notes thereto.

(All amounts in thousands, except per share data)

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Net sales	\$ 727,599	\$ 1,036,700	\$ 837,021	\$ 679,454	\$ 470,133
Gross profit	55,965	139,714	84,131	72,778	64,210
Noncash goodwill impairment charge	11,702	0	0	0	0
Income (loss) from operations	(18,894)	73,321	24,838	22,011	11,999
Noncash Titan Europe Plc charge	0	(37,698)	0	0	0
Noncash debt conversion charge	0	0	(13,376)	0	(7,225)
Income (loss) before income taxes	(32,002)	23,010	(3,884)	8,574	(2,885)
Net income (loss)	(24,645)	13,337	(7,247)	5,144	11,042
Net income (loss) per share – basic *	(.71)	.39	(.23)	.21	.49
Net income (loss) per share – diluted *	(.71)	.38	(.23)	.21	.48
Dividends declared per common share *	.020	.018	.016	.016	.016

\* Adjusted to reflect the five-for-four stock split that took place in 2008.

(All amounts in thousands)

	As of December 31,				
	2009	2008	2007	2006	2005
Working capital	\$ 375,144	\$ 232,564	\$ 239,985	\$ 247,009	\$ 157,984
Current assets	445,216	369,199	327,765	309,933	206,167
Total assets	736,463	654,782	590,495	585,126	440,756
Long-term debt (a)	366,300	200,000	200,000	291,266	190,464
Stockholders' equity	261,953	279,188	272,522	187,177	167,813

(a) Excludes amounts due within one year and classified as a current liability.

## ITEM 7 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s discussion and analysis of financial condition and results of operations (MD&A) is designed to provide readers of these financial statements with a narrative from the perspective of the management of Titan International, Inc. (Titan or the Company) on Titan’s financial condition, results of operations, liquidity and other factors which may affect the Company’s future results.

### FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements, including statements regarding, among other items:

- Anticipated trends in the Company’s business
- Future expenditures for capital projects
- The Company’s ability to continue to control costs and maintain quality
- Ability to meet financial covenants and conditions of loan agreements
- The Company’s business strategies, including its intention to introduce new products
- Expectations concerning the performance and success of the Company’s existing and new products
- The Company’s intention to consider and pursue acquisition and divestiture opportunities

Readers of this Form 10-K should understand that these forward-looking statements are based on the Company’s expectations and are subject to a number of risks and uncertainties, including those in Item 1A, Part I of this report, “Risk Factors,” certain of which are beyond the Company’s control.

Actual results could differ materially from these forward-looking statements as a result of certain factors, including:

- The effect of the economic crisis and recession on the Company and its customers and suppliers
- Changes in the Company’s end-user markets as a result of world economic or regulatory influences
- Changes in the marketplace, including new products and pricing changes by the Company’s competitors
- Ability to maintain satisfactory labor relations
- Unfavorable outcomes of legal proceedings
- Availability and price of raw materials
- Levels of operating efficiencies
- Unfavorable product liability and warranty claims
- Actions of domestic and foreign governments
- Results of investments
- Fluctuations in currency translations
- Ability to secure financing at reasonable terms
- Laws and regulations related to climate change
- Risks associated with environmental laws and regulations

Any changes in such factors could lead to significantly different results. The Company cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to transpire. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on the Company’s ability to achieve the results as indicated in forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this document will in fact transpire.



## OVERVIEW

Titan International, Inc. and its subsidiaries are leading manufacturers of wheels, tires and assemblies for off-highway vehicles used in the agricultural, earthmoving/construction and consumer markets. Titan's earthmoving/ construction market also includes products supplied to the U.S. government, while the consumer market includes products for all-terrain vehicles (ATVs) and recreational/utility trailer applications. Titan manufactures both wheels and tires for the majority of these market applications, allowing the Company to provide the value-added service of delivering complete wheel and tire assemblies. The Company offers a broad range of products that are manufactured in relatively short production runs to meet the specifications of original equipment manufacturers (OEMs) and/or the requirements of aftermarket customers.

The Company's major OEM customers include large manufacturers of off-highway equipment such as AGCO Corporation, Caterpillar Inc., CNH Global N.V., Deere & Company and Kubota Corporation, in addition to many other off-highway equipment manufacturers. The Company distributes products to OEMs, independent and OEM-affiliated dealers, and through a network of distribution facilities.

The following table provides highlights for the year ended December 31, 2009, compared to 2008 (amounts in thousands):

	2009	2008
Net sales	\$ 727,599	\$ 1,036,700
Income (loss) from operations	(18,894)	73,321
Net income (loss)	(24,645)	13,337

The Company recorded sales of \$727.6 million for 2009, which were approximately 30% lower than the 2008 sales of \$1,036.7 million. The significantly lower sales levels resulted from reduced demand for the Company's products across the board, a consequence of the worldwide recession and global economic crisis. Many of the Company's major customers implemented extended shutdowns during the second half of 2009, Titan in turn extended shutdowns at its production facilities to manage the lower demand. These items had a negative impact on Titan's annual 2009 sales for the agricultural market, down approximately 23%, earthmoving/construction market, down approximately 49%, and consumer market, down approximately 24%, when compared to the previous year.

The following operating results were primarily related to the significantly lower sales levels and the associated negative impact on the Company's operating margins as well as a noncash goodwill impairment charge of \$11.7 million. Loss from operations was \$(18.9) million for 2009 compared to income from operations of \$73.3 million for previous year. Titan's net loss was \$(24.6) million for 2009 compared to net income of \$13.3 million in 2008. Diluted loss per share was \$(.71) in 2009, compared to diluted earnings per share of \$.38 in 2008.

## SUBSEQUENT EVENTS

### Special Meeting of Stockholders (Definitive proxy filed January 29, 2010)

A Special Meeting of Stockholders (Special Meeting) of Titan International, Inc. is to be held on March 4, 2010, at 10:00 a.m. Central Time, at the Holiday Inn, 4821 Oak Street, Quincy, IL 62305, to consider and act upon the following matters:

- 1) To approve an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of Common Stock from 60,000,000 shares to 120,000,000 shares; and
- 2) To transact such other business as may properly come before the Special Meeting or any adjournments or postponements thereof.

The Company's board of directors has fixed the "record date" to be the close of business on January 15, 2010. Only those stockholders whose names appear of record at the Company's close of business on January 15, 2010, as holders of record of the Company common stock, are entitled to receive notice of and to vote at the Special Meeting or any adjournments thereof.

## RESULTS OF OPERATIONS

The following table sets forth the Company's statement of operations expressed as a percentage of net sales for the periods indicated. This table and subsequent discussions should be read in conjunction with the Company's audited consolidated financial statements and notes thereto.

	As a Percentage of Net Sales Year ended December 31,		
	2009	2008	2007
Net sales	100.0%	100.0%	100.0%
Cost of sales	92.3	86.5	89.9
Gross profit	7.7	13.5	10.1
Selling, general and administrative expenses	6.4	5.2	6.2
Research and development	1.2	0.3	0.2
Royalty expense	1.1	0.9	0.7
Noncash goodwill impairment charge	1.6	0.0	0.0
Income (loss) from operations	(2.6)	7.1	3.0
Interest expense	(2.2)	(1.5)	(2.3)
Noncash Titan Europe Plc charge	0.0	(3.6)	0.0
Noncash convertible debt conversion charge	0.0	0.0	(1.6)
Other income, net	0.4	0.2	0.4
Income (loss) before income taxes	(4.4)	2.2	(0.5)
Income tax provision (benefit)	(1.0)	0.9	0.4
Net income (loss)	(3.4)%	1.3%	(0.9)%

In addition, the following table sets forth components of the Company's net sales classified by segment for the years ended December 31, (amounts in thousands):

	2009	2008	2007
Agricultural	\$ 563,528	\$ 729,895	\$ 515,642
Earthmoving/Construction	144,589	281,008	277,206
Consumer	19,482	25,797	44,173
Total	\$ 727,599	\$ 1,036,700	\$ 837,021

## CONVERTIBLE SENIOR SUBORDINATED NOTES DUE 2017

On December 21, 2009, the Company closed its offering of \$172.5 million principal amount of 5.625% Convertible Senior Subordinated Notes due 2017 (Notes), which included the exercise in full of the initial purchasers' option to purchase \$22.5 million principal amount of additional Notes to cover over-allotments. The Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended and to other investors pursuant to another applicable exemption from registration.

Titan received net proceeds from the offering of approximately \$166 million after deducting initial purchasers' discounts and estimated offering expenses. Titan intends to use the proceeds from the offering for general corporate purposes, including financing potential future acquisitions and repayment of existing debt obligations.

## **STOCK SPLIT**

In June 2008, Titan's Board of Directors approved a five-for-four stock split with a record date of July 31, 2008, and a payable date of August 15, 2008. The Company gave five shares for every four shares held as of the record date. Stockholders received one additional share for every four shares owned as of the record date and received cash in lieu of fractional shares. All share and per share data, except shares authorized, have been adjusted to reflect the effect of the stock split for all periods presented.

## **GIANT OTR PROJECT**

In May 2007, Titan's Board of Directors approved funding for the Company to increase giant OTR mining tire production capacity to include 57-inch and 63-inch giant radial tires (Giant OTR Project). The Company began start-up production of these giant mining tires in the third quarter of 2008.

## **SENIOR UNSECURED CONVERTIBLE NOTES CONVERSION**

In January 2007, the Company filed a registration statement relating to an offer to the holders of its 5.25% senior unsecured convertible notes due 2009 to convert their notes into Titan's common stock at an increased conversion rate (Offer). Per the Offer, each \$1,000 principal amount of notes was convertible into 81.0000 shares of common stock, which is equivalent to a conversion price of approximately \$12.35 per share.

In March 2007, the Company announced 100% acceptance of the conversion offer and the \$81.2 million of accepted notes were converted into 6,577,200 shares of Titan common stock. The Company recognized a noncash charge of \$13.4 million in connection with this exchange in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

## **CRITICAL ACCOUNTING ESTIMATES**

Preparation of the financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. The Company's application of these policies involves assumptions that require difficult subjective judgments regarding many factors, which, in and of themselves, could materially impact the financial statements and disclosures. A future change in the estimates, assumptions or judgments applied in determining the following matters, among others, could have a material impact on future financial statements and disclosures.

### **Inventories**

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method in 2009 for approximately 74% of inventories and the last-in, first-out (LIFO) method for approximately 26% of inventories. The major rubber material inventory and related work-in-process and their finished goods are accounted for under the FIFO method. The major steel material inventory and related work-in-process and their finished goods are accounted for under the LIFO method. Market value is estimated based on current selling prices. Estimated provisions are established for excess and obsolete inventory, as well as inventory carried above market price based on historical experience. Should experience change, adjustments to the estimated provisions would be necessary.

### **Income Taxes**

Deferred income tax provisions are determined using the liability method whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax basis of assets and liabilities. The Company assesses the realizability of its deferred tax asset positions and recognizes and measures uncertain tax positions in accordance with ASC 740 Income Taxes.

As a result of the 2009 net loss, the Company has a net operating loss carryforward for income tax purposes. If Titan would continue to incur net losses, the Company may not be able to realize the tax benefit of these net operating losses.

## Impairment of Goodwill

The Company reviews goodwill for impairment during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable. The Company evaluates the recoverability of goodwill by estimating the future discounted cash flows of the reporting unit to which the goodwill relates and using an earnings before interest, taxes, depreciation, and amortization (EBITDA) multiple approach. In determining the estimated future cash flows, the Company considers current and projected future levels of income as well as business trends and economic conditions. When the Company's estimated fair value of the reporting unit is less than the carrying value, a second step of the impairment analysis is performed. In this second step, the implied fair value of goodwill is calculated as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

In the fourth quarter of 2009, the Company recorded a noncash charge for the impairment of goodwill of \$11.7 million on both a pre-tax and after-tax basis. The charge was associated with the reporting units of the Company's agricultural (\$6.9 million), earthmoving/construction (\$3.6 million), and consumer (\$1.2 million) segments. The Company performed a fourth quarter 2009 goodwill assessment using a discounted cash flow model that employed a 12.25% discount rate and 2.5% terminal growth rate assumption and an EBITDA multiple approach.

The key factors contributing to the goodwill impairment were: (i) depressed sales levels, which began to accelerate during the third quarter of 2009, continued in the fourth quarter resulting from reduced demand for the Company's products across the board, a consequence of the worldwide recession and global economic crisis, (ii) many of the Company's major customers implemented additional shutdowns during the fourth quarter of 2009, Titan in turn extended shutdowns at its production facilities to manage the lower demand, (iii) operating losses which began in the third quarter, continued into the fourth quarter associated with lower product demand, (iv) decline in the reporting units' forecasted financial performance as a result of ongoing weak economic conditions, and (v) in December 2009, in association with Titan's convertible note issuance, the rating agencies of Moody's Investor Service and Standard and Poor's Rating Services issued a revised outlook on the Company's future performance to negative from stable.

Significant assumptions relating to future operations must be made when estimating future cash flows in analyzing goodwill for impairment. Assumptions utilized in analyzing goodwill are highly judgmental, especially given the worldwide recession and global economic crisis.

## Retirement Benefit Obligations

Pension benefit obligations are based on various assumptions used by third-party actuaries in calculating these amounts. These assumptions include discount rates, expected return on plan assets, mortality rates and other factors. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and obligations. The Company has three frozen defined benefit pension plans and one defined benefit plan that previously purchased a final annuity settlement. Titan expects to contribute approximately \$3 million to these frozen defined pension plans in 2010. For more information concerning these costs and obligations, see the discussion of the "Pensions" and Note 20 to the Company's financial statements.

The effect of hypothetical changes to selected assumptions on the Company's frozen pension benefit obligations would be as follows (amounts in thousands):

Assumptions	Percentage Change	December 31, 2009		2010
		Increase (Decrease) PBO (a)	Increase (Decrease) Equity	Increase (Decrease) Expense
Pension				
Discount rate	+/- .5	\$(4,434)/\$4,873	\$4,434/\$(4,873)	\$(263)/\$285
Expected return on assets	+/- .5			\$(327)/\$327

(a) Projected benefit obligation (PBO) for pension plans.

## FISCAL YEAR ENDED DECEMBER 31, 2009, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2008

### RESULTS OF OPERATIONS

Highlights for the year ended December 31, 2009, compared to 2008 (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Decrease</u>
Net sales	\$ 727,599	\$ 1,036,700	(30)%
Cost of sales	671,634	896,986	(25)%
Gross profit	55,965	139,714	(60)%
<i>Gross profit percentage</i>	<i>7.7%</i>	<i>13.5%</i>	

#### Net Sales

Net sales for the year ended December 31, 2009, were \$727.6 million compared to \$1,036.7 million for the year ended December 31, 2008. The significantly lower sales levels were primarily the result of reduced demand for the Company's products in all segments, a consequence of the worldwide recession and global economic crisis. Many of the Company's major customers implemented extended shutdowns during the second half of 2009, Titan in turn extended shutdowns at its production facilities to manage the lower demand. These items had a negative impact on Titan's annual 2009 sales for the agricultural market, down approximately 23%, earthmoving/construction market, down approximately 49%, and consumer market, down approximately 24%, when compared to the previous year.

#### Cost of Sales and Gross Profit

Cost of sales was \$671.6 million for the year ended December 31, 2009, as compared to \$897.0 million in 2008. The lower cost of sales resulted primarily from the significant reduction in the sales levels recorded in 2009.

Gross profit for the year 2009 was \$56.0 million, or 7.7% of net sales, compared to \$139.7 million, or 13.5% of net sales for 2008. In response to significantly lower demand from customers, Titan scheduled extended shutdowns at all Company production facilities during the second half of 2009. These extended shutdowns, in conjunction with lower production levels when operating, drastically reduced the Company's manufacturing efficiencies. These lower efficiencies resulted in the gross profit and percentage reductions. The major reduction in the operating results was primarily related to the significantly lower sales levels and the associated negative impact on the Company's operating margins.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses were as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Decrease</u>
Selling, general and administrative	\$ 46,734	\$ 53,661	(13)%
<i>Percentage of net sales</i>	<i>6.4%</i>	<i>5.2%</i>	

Selling, general and administrative (SG&A) expenses were \$46.7 million, or 6.4% of net sales, for the year ended December 31, 2009, as compared to \$53.7 million, or 5.2% of net sales, for 2008. The Company continues to strive to achieve low administrative expenses. Titan was able to reduce SG&A expense by approximately \$7 million as a result of the 2009 business contraction. Selling expenses were reduced by approximately \$3 million and administrative expenses were reduced by approximately \$4 million.

#### Research and Development Expenses

Research and development expenses were as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Increase</u>
Research and development	\$ 8,850	\$ 3,490	154%
<i>Percentage of net sales</i>	<i>1.2%</i>	<i>0.3%</i>	

Research and development (R&D) expenses were \$8.9 million, or 1.2% of net sales, for the year ended December 31, 2009, as compared to \$3.5 million, or 0.3% of net sales, for 2008. The additional R&D costs recorded during the year of approximately \$5 million primarily related to the Giant OTR products.

## Royalty Expense

Royalty expense was as follows (amounts in thousands):

	2009	2008	% Decrease
Royalty expense	\$ 7,573	\$ 9,242	(18)%

The Company has a license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America under the Goodyear name. Royalty expenses were \$7.6 million for the year ended December 31, 2009, as compared to \$9.2 million in 2008. As sales subject to the license agreement were lower, the Company's royalty expense for 2009 was reduced accordingly.

## Noncash Goodwill Impairment Charge

Noncash goodwill impairment charge was as follows (amounts in thousands):

	2009	2008	% Increase
Noncash goodwill charge	\$ 11,702	\$ 0	n/a

In the fourth quarter of 2009, the Company recorded a noncash charge for the impairment of goodwill of \$11.7 million on both a pre-tax and after-tax basis. The charge was associated with the reporting units of the Company's agricultural (\$6.9 million), earthmoving/construction (\$3.6 million), and consumer (\$1.2 million) segments. The Company performed a fourth quarter 2009 goodwill assessment using a discounted cash flow model that employed a 12.25% discount rate and 2.5% terminal growth rate assumption and an EBITDA multiple approach.

The key factors contributing to the goodwill impairment were: (i) depressed sales levels, which began to accelerate during the third quarter of 2009, continued in the fourth quarter resulting from reduced demand for the Company's products across the board, a consequence of the worldwide recession and global economic crisis, (ii) many of the Company's major customers implemented additional shutdowns during the fourth quarter of 2009, Titan in turn extended shutdowns at its production facilities to manage the lower demand, (iii) operating losses which began in the third quarter, continued into the fourth quarter associated with lower product demand, (iv) decline in the reporting units' forecasted financial performance as a result of ongoing weak economic conditions, and (v) in December 2009, in association with Titan's convertible note issuance, the rating agencies of Moody's Investor Service and Standard and Poor's Rating Services issued a revised outlook on the Company's future performance to negative from stable.

## Income (loss) from Operations

Income (loss) from operations was as follows (amounts in thousands):

	2009	2008	% Decrease
Income (loss) from operations	\$ (18,894)	\$ 73,321	n/a
<i>Percentage of net sales</i>	<i>(2.6)%</i>	<i>7.1%</i>	

Loss from operations for the year ended December 31, 2009, was \$(18.9) million, or (2.6) % of net sales, compared to income from operations of \$73.3 million, or 7.1% of net sales, in 2008. The reduction in income from operations was the net result of the items previously discussed in the sales, cost of sales, administrative, royalty and noncash goodwill impairment charge line items.

## Interest Expense

Interest expense was as follows (amounts in thousands):

	2009	2008	% Increase
Interest expense	\$ 16,246	\$ 15,122	7%

Interest expense for the year 2009 was \$16.2 million compared to \$15.1 million in 2008. The Company's interest expense for 2009 increased as a result of the higher year-end debt balances. The Company capitalized interest costs related to the giant OTR project of \$2.0 million in 2009 and \$3.2 million in 2008.

**Noncash Titan Europe Plc charge**

Noncash Titan Europe Plc charge was as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Decrease</u>
Noncash Titan Europe Plc charge	\$ 0	\$ (37,698)	(100)%

The unrealized loss on the Titan Europe Plc investment in 2008 was \$(37.7) million. The unrealized loss was due to a substantial decline in Titan Europe Plc's publicly quoted price on the AIM market in London, England, at year end 2008. A noncash charge of \$37.7 million was recorded at year end December 31, 2008.

**Other Income**

Other income was as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Increase</u>
Other income	\$ 3,138	\$ 2,509	25%

Other income was \$3.1 million for the year ended December 31, 2009, as compared to \$2.5 million in 2008. The major items included in 2009 were: (i) gain on senior note repurchases of \$1.4 million; (ii) investment gain on contractual obligations of \$1.3 million; (iii) interest income of \$0.2 million; and (iv) other income of \$0.2 million.

The major items included in 2008 were: (i) dividend income from the Titan Europe Plc investment of \$1.7 million; (ii) interest income of \$1.4 million; (iii) investment loss on contractual obligations of \$(1.9) million; and (iv) other income of \$1.3 million.

**Income Tax Provision (Benefit)**

Income tax provision (benefit) was as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Decrease</u>
Income tax provision (benefit)	\$ (7,357)	\$ 9,673	n/a

The Company recorded an income tax benefit of \$(7.4) million in 2009 and income tax expense of \$9.7 million in 2008. The Company's effective tax rate was 23% in 2009 and 42% in 2008. The Company's income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the \$11.7 million noncash goodwill impairment charge. This noncash goodwill charge is not deductible for income tax purposes.

**Net Income (Loss)**

Net income (loss) was as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>% Increase</u>
Net income (loss)	\$ (24,645)	\$ 13,337	n/a

Net loss for the year ended December 31, 2009, was \$(24.6) million, compared to net income of \$13.3 million in 2008. Basic loss per share was \$(.71) for the year ended December 31, 2009, as compared to earnings per share of \$.39 in 2008. Diluted loss per share was \$(.71) for the year ended December 31, 2009, as compared to earnings per share of \$.38 in 2008. The Company's net income and earnings per share were lower due to the items previously discussed.

### Agricultural Segment Results

Agricultural segment results were as follows (amounts in thousands):

	2009	2008	% Decrease
Net sales	\$ 563,528	\$ 729,895	(23)%
Gross profit	51,955	89,782	(42)%
Income from operations	26,980	74,241	(64)%

Net sales in the agricultural market were \$563.5 million for the year ended December 31, 2009, as compared to \$729.9 million in 2008. The significantly lower sales levels resulted from reduced demand for the Company's products, as many of the Company's major customers implemented extended shutdowns during the second half of 2009 as a consequence of the worldwide recession and economic crisis. Titan in turn scheduled extended shutdowns at its production facilities to manage lower demand.

Gross profit in the agricultural market was \$52.0 million for the year 2009, as compared to \$89.8 million in 2008. Income from operations in the agricultural market was \$27.0 million for the year 2009, as compared to \$74.2 million in 2008. The reduction in gross profit and income from operations in the agricultural market was primarily attributed to lower farm equipment sales and the corresponding reduction in manufacturing efficiencies associated with the agricultural segment. The income from operations was also decreased by a noncash goodwill impairment charge of \$6.9 million.

### Earthmoving/Construction Segment Results

Earthmoving/construction segment results were as follows (amounts in thousands):

	2009	2008	% Decrease
Net sales	\$ 144,589	\$ 281,008	(49)%
Gross profit	3,595	46,047	(92)%
Income (loss) from operations	(7,999)	38,422	n/a

The Company's earthmoving/construction market net sales were \$144.6 million for the year ended December 31, 2009, as compared to \$281.0 million in 2008. The significantly lower sales levels resulted from reduced demand for the Company's products, as many of the Company's major customers implemented extended shutdowns during the second half of 2009 as a consequence of the worldwide recession and economic crisis. Titan in turn scheduled extended shutdowns at its production facilities to manage lower demand. Also negatively impacting this segment was the major reduction in the construction market related to commercial, residential and infrastructure.

Gross profit in the earthmoving/construction market was \$3.6 million for the year 2009, as compared to \$46.0 million in 2008. The Company's earthmoving/construction market loss from operations was \$(8.0) million for the year 2009, as compared to income from operations of \$38.4 million in 2008. Gross profit and income from operations declined as a result of the major sales contraction and the substantial negative manufacturing efficiencies associated with the earthmoving/construction segment. The income from operations was also decreased by a noncash goodwill impairment charge of \$3.6 million.

## Consumer Segment Results

Consumer segment results were as follows (amounts in thousands):

	2009	2008	% Decrease
Net sales	\$ 19,482	\$ 25,797	(24)%
Gross profit	1,604	3,938	(59)%
Income (loss) from operations	(206)	3,303	n/a

Consumer market net sales were \$19.5 million for the year ended December 31, 2009, as compared to \$25.8 million in 2008. The reduction in consumer market sales is attributed to the large contraction in consumer discretionary spending resulting from the recession and economic crisis.

Gross profit from the consumer market was \$1.6 million in 2009 as compared to \$3.9 million in 2008. Consumer market loss from operations was \$(0.2) million for the year 2009, as compared to income from operations of \$3.3 million in 2008. Gross profit and income from operations declined primarily as a result of reduced sales levels and the negative manufacturing efficiencies related to the 2009 extended shutdowns. The income from operations was also reduced by a noncash goodwill impairment charge of \$1.2 million.

## Segment Summary

(Amounts in thousands)

	Agricultural	Earthmoving/ Construction	Consumer	Corporate Expenses	Consolidated Totals
<b>2009</b>					
Net sales	\$ 563,528	\$ 144,589	\$ 19,482	\$ 0	\$ 727,599
Gross profit (loss)	51,955	3,595	1,604	(1,189)	55,965
Income (loss) from operations	26,980	(7,999)	(206)	(37,669)	(18,894)
<b>2008</b>					
Net sales	\$ 729,895	\$ 281,008	\$ 25,797	\$ 0	\$ 1,036,700
Gross profit (loss)	89,782	46,047	3,938	(53)	139,714
Income (loss) from operations	74,241	38,422	3,303	(42,645)	73,321

## Corporate Expenses

Income from operations on a segment basis does not include corporate expenses or depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling \$37.7 million for the year ended December 31, 2009, as compared to \$42.6 million in 2008.

Corporate expenses for the year ended December 31, 2009, were composed of selling and marketing expenses of approximately \$18 million and administrative expenses of approximately \$20 million.

Corporate expenses for the year ended December 31, 2008, were composed of selling and marketing expenses of approximately \$20 million and administrative expenses of approximately \$23 million.

The lower corporate expenses for 2009 as compared to the previous year resulted from cost reductions and reduced spending due to the lower sales levels.

## FISCAL YEAR ENDED DECEMBER 31, 2008, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2007

### RESULTS OF OPERATIONS

Highlights for the year ended December 31, 2008, compared to 2007 (amounts in thousands):

	2008	2007	% Increase
Net sales	\$ 1,036,700	\$ 837,021	24%
Cost of sales	896,986	752,890	19%
Gross profit	139,714	84,131	66%
<i>Gross profit percentage</i>	13.5%	10.1%	

#### Net Sales

Net sales for the year ended December 31, 2008, were \$1,036.7 million compared to \$837.0 million for the year ended December 31, 2007. The large sales improvement of \$199.7 million, or 24%, for the year ended December 31, 2008, was attributed to strong demand in the Company's agricultural market, which reported higher sales of approximately 42% for 2008 as compared to the previous year. Titan believes it has benefited in 2008 from a preliminary ruling from the U.S. Department of Commerce, affirming that exporters of Chinese-manufactured tires have been selling certain off-the-road tires in the U.S.A. at less than normal value and received subsidies, resulting in duties being imposed on certain imported tires.

#### Cost of Sales and Gross Profit

Cost of sales was \$897.0 million for the year ended December 31, 2008, as compared to \$752.9 million in 2007. The higher cost of sales resulted from the record sales levels achieved in 2008. Additional costs recorded during the year related to expenses associated with hiring and training workers to be utilized in giant OTR production, which were estimated to be approximately \$6 million for 2008.

Gross profit for the year 2008 was \$139.7 million, or 13.5% of net sales, compared to \$84.1 million, or 10.1% of net sales, for 2007. The gross profit margin for 2008 showed a significant improvement of over three percentage points compared to the previous year, as the Company continues its efforts to improve efficiencies and align sale prices with production cost.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses were as follows (amounts in thousands):

	2008	2007	% Increase
Selling, general and administrative	\$ 53,661	\$ 51,449	4%
<i>Percentage of net sales</i>	5.2%	6.2%	

Selling, general and administrative (SG&A) expenses were \$53.7 million, or 5.2% of net sales, for the year ended December 31, 2008, as compared to \$51.4 million, or 6.2% of net sales, for 2007. SG&A expense rose primarily as the result of higher selling costs of approximately \$2 million year over year. SG&A percentage of net sales improved approximately one percentage point due to the Company's SG&A expenses remaining relatively unchanged while sales achieved record levels.

#### Research and Development Expenses

Research and development expenses were as follows (amounts in thousands):

	2008	2007	% Increase
Research and development	\$ 3,490	\$ 1,689	107%
<i>Percentage of net sales</i>	0.3%	0.2%	

Research and development (R&D) expenses were \$3.5 million, or 0.3% of net sales, for the year ended December 31, 2008, as compared to \$1.7 million, or 0.2% of net sales, for 2007. The additional R&D costs recorded during the year primarily related to the Giant OTR products.

### Royalty Expense

Royalty expense was as follows (amounts in thousands):

	2008	2007	% Increase
Royalty expense	\$ 9,242	\$ 6,155	50%

The Goodyear North American farm tire asset acquisition included a license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America under the Goodyear name. Royalty expenses were \$9.2 million for the year ended December 31, 2008, as compared to \$6.2 million in 2007. The higher royalty expense was the result of the strong sales in the agricultural segment.

### Income from Operations

Income from operations was as follows (amounts in thousands):

	2008	2007	% Increase
Income from operations	\$ 73,321	\$ 24,838	195%
Percentage of net sales	7.1%	3.0%	

Income from operations for the year ended December 31, 2008, was \$73.3 million, or 7.1% of net sales, compared to \$24.8 million, or 3.0% of net sales, in 2007. Income from operations was affected by the items previously discussed in the sales, cost of sales, SG&A and royalty line items.

### Interest Expense

Interest expense was as follows (amounts in thousands):

	2008	2007	% Decrease
Interest expense	\$ 15,122	\$ 18,710	(19)%

Interest expense for the year 2008 was \$15.1 million compared to \$18.7 million in 2007. The reduction in interest costs was primarily the result of capitalization of interest of \$3.2 million related to the giant OTR project in 2008. In 2007, the Company capitalized \$0.4 million of interest costs for the giant OTR project.

### Noncash Titan Europe Plc charge

Noncash Titan Europe Plc charge was as follows (amounts in thousands):

	2008	2007	% Increase
Noncash Titan Europe Plc charge	\$ (37,698)	\$ 0	n/a

The unrealized loss on the Titan Europe Plc investment was \$37.7 million. The unrealized loss was due to a substantial decline in Titan Europe Plc's publicly quoted price on the AIM market in London, England, at year end 2008. A noncash charge of \$37.7 million was recorded at year end December 31, 2008.

### Noncash Convertible Debt Conversion Charge

Noncash convertible debt conversion charge was as follows (amounts in thousands):

	2008	2007	% Decrease
Noncash debt conversion charge	\$ 0	\$ 13,376	(100)%

In March 2007, the Company converted \$81.2 million of 5.25% senior convertible notes into 6,577,200 shares of Titan common stock. Titan recognized a noncash charge of \$13.4 million in connection with this exchange in accordance with ASC 470-20 Debt with Conversion and Other Options.

**Other Income**Other income was as follows (amounts in thousands):

	2008	2007	% Decrease
Other income	\$ 2,509	\$ 3,364	(25)%

Other income was \$2.5 million for the year ended December 31, 2008, as compared to \$3.4 million in 2007. The major items included in other income are: (i) dividend income from the Titan Europe Plc investment was \$1.7 million and \$1.8 million in 2008 and 2007, respectively, (ii) interest income was \$1.4 million and \$2.7 million for the years ended December 31, 2008 and 2007, respectively, and (iii) other expense of \$(0.6) million and \$(1.1) million in 2008 and 2007, respectively. The reduction in interest income was primarily the result of lower interest rates.

**Income Tax Expense**Income taxes were as follows (amounts in thousands):

	2008	2007	% Increase
Income taxes	\$ 9,673	\$ 3,363	188%

The Company recorded an income tax expense of \$9.7 million in 2008 and \$3.4 million in 2007. The Company's effective tax rate was 42.0% in 2008 and (87)% in 2007. The Company's 2007 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the \$13.4 million noncash charge taken in connection with the Company's convertible debt. This noncash charge was not deductible for income tax purposes.

**Net Income (Loss)**Net income (loss) was as follows (amounts in thousands):

	2008	2007	% Increase
Net income (loss)	\$ 13,337	\$ (7,247)	n/a

Net income for the year ended December 31, 2008, was \$13.3 million, compared to net loss of \$(7.2) million in 2007. Basic income per share was \$.39 for the year ended December 31, 2008, as compared to basic loss per share of \$(.23) in 2007. Diluted income per share was \$.38 for the year ended December 31, 2008, as compared to diluted loss per share of \$(.23) in 2007. The Company's net income and earnings per share improvements were due to the items detailed above.

**Agricultural Segment Results**Agricultural segment results were as follows (amounts in thousands):

	2008	2007	% Increase
Net sales	\$ 729,895	\$ 515,642	42%
Gross profit	89,782	35,742	151%
Income from operations	74,241	25,324	193%

Net sales in the agricultural market were \$729.9 million for the year ended December 31, 2008, as compared to \$515.6 million in 2007. The robust agricultural segment sales were the result of significantly higher demand from the Company's customers, an effect of record farm income and crop prices.

Gross profit in the agricultural market was \$89.8 million for the year 2008, as compared to \$35.7 million in 2007. Income from operations in the agricultural market was \$74.2 million for the year 2008, as compared to \$25.3 million in 2007. The significant improvement in gross profit and income from operations in the agricultural market was attributed to robust farm equipment sales and the Company continuing to align sales prices with production costs.

### Earthmoving/Construction Segment Results

Earthmoving/construction segment results were as follows (amounts in thousands):

	2008	2007	% Increase (Decrease)
Net sales	\$ 281,008	\$ 277,206	1%
Gross profit	46,047	47,848	(4)%
Income from operations	38,422	40,833	(6)%

The Company's earthmoving/construction market net sales were \$281.0 million for the year ended December 31, 2008, as compared to \$277.2 million in 2007. The increase of \$3.8 million primarily resulted from the continued strong earthmoving and mining sales.

Gross profit in the earthmoving/construction market was \$46.0 million for the year 2008, as compared to \$47.8 million in 2007. The Company's earthmoving/construction market income from operations was \$38.4 million for the year 2008, as compared to \$40.8 million in 2007. The Company's gross profit was negatively impacted by costs associated with hiring and training workers to be utilized in giant OTR production, estimated to be approximately \$6 million for 2008.

### Consumer Segment Results

Consumer segment results were as follows (amounts in thousands):

	2008	2007	% (Decrease) Increase
Net sales	\$ 25,797	\$ 44,173	(42)%
Gross profit	3,938	3,431	15%
Income from operations	3,303	2,546	30%

Consumer market net sales were \$25.8 million for the year ended December 31, 2008, as compared to \$44.2 million in 2007. The Goodyear farm tire acquisition agreement included an off-take/mixing agreement for certain product sales to Goodyear. The reduction in consumer market sales was primarily related to lower sales to The Goodyear Tire and Rubber Company of approximately \$15 million for the twelve months ended December 31, 2008, as compared to the previous year.

Gross profit from the consumer market was \$3.9 million in 2008 as compared to \$3.4 million in 2007. Consumer market income from operations was \$3.3 million for the year 2008 as compared to \$2.5 million in 2007. The improvement in gross profit and income from operations in the consumer segment was the result of a shift to higher margin products.

### Segment Summary

(Amounts in thousands)

	Agricultural	Earthmoving/ Construction	Consumer	Corporate Expenses	Consolidated Totals
<b>2008</b>					
Net sales	\$ 729,895	\$ 281,008	\$ 25,797	\$ 0	\$ 1,036,700
Gross profit (loss)	89,782	46,047	3,938	(53)	139,714
Income (loss) from operations	74,241	38,422	3,303	(42,645)	73,321
<b>2007</b>					
Net sales	\$ 515,642	\$ 277,206	\$ 44,173	\$ 0	\$ 837,021
Gross profit (loss)	35,742	47,848	3,431	(2,890)	84,131
Income (loss) from operations	25,324	40,833	2,546	(43,865)	24,838

**Corporate Expenses**

Income from operations on a segment basis does not include corporate expenses or depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling \$42.6 million for the year ended December 31, 2008, as compared to \$43.9 million in 2007.

Corporate expenses for the year ended December 31, 2008, were composed of selling and marketing expenses of approximately \$20 million and administrative expenses of approximately \$23 million.

Corporate expenses for the year ended December 31, 2007, were composed of selling and marketing expenses of approximately \$17 million and administrative expenses of approximately \$27 million.

The higher selling and marketing expenses for 2008 as compared to the previous year resulted from the record sales levels and the associated selling costs. The lower administrative costs resulted primarily from a reduction in management incentives.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

As of December 31, 2009, the Company had \$229.2 million of cash balances within various bank accounts. This cash balance increased by \$167.5 million from December 31, 2008, due to the following cash flow discussion items.  
(amounts in thousands)

	Year ended December 31,		Change
	2009	2008	
Cash	\$ 229,182	\$ 61,658	\$ 167,524

### Operating Cash Flows

Summary of cash flows from operating activities:  
(amounts in thousands)

	Year ended December 31,		Change
	2009	2008	
Net income (loss)	\$ (24,645)	\$ 13,337	\$ (37,982)
Depreciation and amortization	34,296	30,368	3,928
Deferred income tax provision	(2,950)	13,987	(16,937)
Noncash goodwill impairment charge	11,702	0	11,702
Noncash Titan Europe Plc charge	0	24,504	(24,504)
Accounts receivable	59,018	(28,137)	87,155
Inventories	37,170	(19,258)	56,428
Accounts payable	(41,301)	21,555	(62,856)
Other operating activities	(977)	(5,186)	4,209
Cash provided by operating activities	\$ 72,313	\$ 51,170	\$ 21,143

For the year ended December 31, 2009, operating activities provided cash of \$72.3 million. This cash was primarily provided by decreases in accounts receivable of \$59.0 million and inventories of \$37.2 million. Positive cash flows were offset by net loss of \$(24.6) million and decreases in accounts payable of \$41.3 million. Included as a reduction to net income were noncash charges of \$34.3 million for depreciation and amortization and \$11.7 for the noncash goodwill impairment charge.

In comparison, for the year ended December 31, 2008, operating activities provided cash of \$51.2 million. This cash was primarily provided by net income of \$13.3 million and an increase of \$21.6 million in accounts payable. Positive cash flows were offset by increases in accounts receivable of \$28.1 million and inventories of \$19.3 million. Included as a reduction to net income were noncash charges of \$30.4 million for depreciation and amortization and \$24.5 million for the noncash Titan Europe Plc charge.

Operating cash flows increased \$21.1 million from the year ended December 31, 2008, to December 31, 2009. This increase was largely the result of cash flows from accounts receivable and inventories increasing \$87.2 million and \$56.4 million, respectively. These increases in cash flows from 2008 to 2009 were offset by decreases in cash flow from accounts payable of \$62.9 million and decreased net income. In 2008, accounts receivable, inventories and accounts payable were higher to support record sales levels. In 2009, as a result of significantly lower sales levels, the Company brought the levels of accounts receivable, inventories and accounts payable down dramatically.

For the year ended December 31, 2007, operating activities provided cash of \$76.0 million. This cash was primarily provided by a decrease in inventories of \$26.6 million and increases of \$18.1 million in accounts payable and \$16.7 million in other current liabilities. Positive cash flows were offset by net loss of \$(7.2) million and an increase in accounts receivable of \$24.5 million. Included as a reduction to net income were noncash charges of \$28.6 million for depreciation and amortization and \$13.4 million for a debt conversion charge.

Operating cash flows decreased \$24.8 million from the year ended December 31, 2007, to December 31, 2008. This reduction was largely the result of cash flows from inventories decreasing \$45.8 million and 2008 including a reduction to net income for the noncash Titan Europe Plc charge of \$24.5 million, while 2007 included a reduction to income for a noncash debt conversion charge of \$13.4 million. The decreases were offset by a rise in net income of \$20.6 million. The higher inventory balances in 2008 were primarily due to raw materials. Raw materials inventories were increased in 2008 to support Titan's all-time record sales levels.

## Investing Cash Flows

Summary of cash flows from investing activities:  
(amounts in thousands)

	Year ended December 31,		Change
	2009	2008	
Capital expenditures	\$ (39,537)	\$ (79,953)	\$ 40,416
Acquisition of shares of Titan Europe Plc	(2,399)	0	(2,399)
Other investing activities	1,042	104	938
Cash used for investing activities	\$ (40,894)	\$ (79,849)	\$ 38,955

Net cash used for investing activities was \$40.9 million in 2009, as compared to \$79.8 million in 2008 and \$46.4 million in 2007. The Company invested a total of \$39.5 million in capital expenditures in 2009, compared to \$80.0 million in 2008 and \$38.0 million in 2007. Capital expenditures include Giant OTR Project expenditures of approximately \$23 million in 2009, approximately \$60 million in 2008, and approximately \$22 million in 2007.

The remaining capital expenditures of approximately \$16 million in 2009, approximately \$20 million in 2008, and approximately \$16 million in 2007, represent various equipment purchases and improvements to enhance production capabilities of Titan's existing business.

Cash used for investing decreased \$39.0 million from the year ended December 31, 2008, to December 31, 2009. This reduction in cash use was primarily the result of less cash being used for capital expenditures related to the Giant OTR project.

## Financing Cash Flows

Summary of cash flows from financing activities:  
(amounts in thousands)

	Year ended December 31,		Change
	2009	2008	
Proceeds from borrowings	\$ 172,500	\$ 0	\$ 172,500
Repurchase of senior notes due 2012	(4,726)	0	(4,726)
Proceeds (payments) on credit facility	(25,000)	25,000	(50,000)
Proceeds from exercise of stock options	1,142	3,536	(2,394)
Excess tax benefit from stock options	0	4,131	(4,131)
Payment of financing fees	(7,107)	(70)	(7,037)
Other financing activities	(704)	(585)	(119)
Cash provided by activities	\$ 136,105	\$ 32,012	\$ 104,093

Net cash provided by financing activities was \$136.1 million in 2009. This cash was provided primarily by convertible senior subordinated notes proceeds of \$172.5 million. This was offset by payments on the Company's credit facility of \$25 million, payment of financing fees of \$7.1 million and repurchase of senior notes of \$4.7 million.

Net cash provided by financing activities was \$32.0 million in 2008. This cash was provided primarily by revolving credit facility proceeds of \$25.0 million. The exercise of stock options provided \$3.5 million and excess tax benefit from stock options exercised provided \$4.1 million.

Net cash used by financing activities was \$4.7 million in 2007. This cash use was primarily used for payment of debt of \$10.2 million offset by proceeds of \$6.6 million from the exercise of stock options.

Financing cash flows increased \$104.1 million to the year ended December 31, 2009, from the year ended December 31, 2008. Also, financing cash flows increased \$36.7 million to the year ended December 31, 2008, from the year ended December 31, 2007. The large changes from year to year are primarily the result of changes in total debt borrowings.

## Debt Covenants

The Company's revolving credit facility contains various covenants and restrictions. The financial covenants in this agreement require that:

- Collateral coverage be equal to or greater than 1.2 times the outstanding revolver balance.
- If the 30-day average of the outstanding revolver balance exceeds \$125 million, the fixed charge coverage ratio be equal to or greater than a 1.0 to 1.0 ratio.

Restrictions include:

- Limits on payments of dividends and repurchases of the Company's stock.
- Restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company.
- Limitations on investments, dispositions of assets and guarantees of indebtedness.
- Other customary affirmative and negative covenants.

These covenants and restrictions could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions. The failure by Titan to meet these covenants could result in the Company ultimately being in default on these loan agreements.

The Company is in compliance with these covenants and restrictions as of December 31, 2009. The collateral coverage ratio was not applicable as there were no outstanding borrowings under the revolving credit facility at December 31, 2009.

The fixed charge coverage ratio did not apply for the quarter ended December 31, 2009. In connection with the convertible senior subordinated note offering, Titan agreed to add an additional mutually agreeable covenant to the Company's revolving credit facility, which is not yet in place.

## Other Items

The Company's business is subject to seasonal variations in sales that affect inventory levels and accounts receivable balances. Historically, Titan tends to experience higher sales demand in the first and second quarters.

## LIQUIDITY OUTLOOK

At December 31, 2009, the Company had \$229.2 million of cash and cash equivalents and no outstanding borrowings on the Company's \$150.0 million credit facility. Titan expects to contribute approximately \$3 million to its frozen defined benefit pension plans during 2010.

On December 21, 2009, the Company closed its offering of \$172.5 million principal amount of 5.625% Convertible Senior Subordinated Notes due 2017 (Notes). The Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended and to other investors pursuant to another applicable exemption from registration.

Titan received net proceeds from the offering of approximately \$166 million after deducting initial purchasers' discounts and estimated offering expenses. Titan intends to use the proceeds from the offering for general corporate purposes, including financing potential future acquisitions and repayment of existing debt obligations.

Capital expenditures for 2010 are forecasted to be approximately \$12 million to \$16 million. Cash payments for interest are currently forecasted to be approximately \$25 million in 2010 based on year-end 2009 debt balances.

In the future, Titan may seek to grow by making acquisitions which will depend on the ability to identify suitable acquisition candidates, to negotiate acceptable terms for their acquisition and to finance those acquisitions. In September 2009, Titan signed a letter of intent with The Goodyear Tire & Rubber Company to purchase certain farm tire assets, including the Goodyear Dunlop Tires France (GDTF) Amiens North factory. This agreement is non-binding and will be subject to GDTF's satisfactory completion of a social plan related to consumer tire activity at the Amiens North facility, along with completion of due diligence, a definitive acquisition agreement and other standard acquisition approval requirements. At this time, the due diligence process continues. There is no assurance that definitive agreements will be executed or that the acquisition will be consummated.

Subject to the terms of indebtedness, the Company may finance future acquisitions with cash on hand, cash from operations, additional indebtedness and/or by issuing additional equity securities.

Cash on hand, anticipated internal cash flows from operations and utilization of remaining available borrowings are expected to provide sufficient liquidity for working capital needs, capital expenditures and potential acquisitions. If the Company were to exhaust all currently available working capital sources or not meet the financial covenants and conditions of its loan agreements, the Company's ability to secure additional funding would be negatively impacted.

#### INFLATION

The Company is subject to the effect of price fluctuations. During 2009, 2008 and 2007, the Company realized price increases for certain purchases of steel and rubber used in the manufacture of its products. While the cost outlook for commodities used in the Company's production is not certain, management believes it can manage these inflationary pressures by introducing appropriate sales price adjustments. However, these price adjustments usually lag the inflationary pressures.

#### CONTRACTUAL OBLIGATIONS

The Company's contractual obligations at December 31, 2009, consisted of the following (amounts in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Notes due 2012	\$ 193,800	\$ 0	\$ 193,800	\$ 0	\$ 0
Convertible Notes due 2017	172,500	0	0	0	172,500
Interest expense (a)	89,872	25,207	35,556	19,406	9,703
Operating leases	2,305	1,495	797	13	0
Purchase obligations	3,949	2,766	1,128	55	0
Other long-term liabilities (b)	24,500	2,600	8,300	7,200	6,400
Royalty payment (c)	22,800	7,600	15,200	0	0
Total	<u>\$ 509,726</u>	<u>\$ 39,668</u>	<u>\$ 254,781</u>	<u>\$ 26,674</u>	<u>\$ 188,603</u>

- (a) Interest expense is estimated based on the Company's year-end 2009 debt balances, maturities and interest rates. The estimates assume no revolver borrowings. The Company's actual debt balances and interest rates may fluctuate in the future. Therefore, actual interest payments may vary from those payments detailed in the above table.
- (b) Other long-term liabilities represent the Company's estimated funding requirements for the frozen defined benefit pension plans. The Company's liability for pensions is based on a number of assumptions, including discount rates, rates of return on investments, mortality rates and other factors. Certain of these assumptions are determined with the assistance of outside actuaries. Assumptions are based on past experience and anticipated future trends and are subject to a number of risks and uncertainties and may lead to significantly different pension liability funding requirements.
- (c) The Company pays a royalty relating to a license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America. Titan currently plans to continue using the Goodyear trademark until circumstances require a change. Titan's royalty payment to Goodyear for the next three years, the current term of the agreement, using the annual 2009 royalty payment of approximately \$7.6 million as an estimate would total approximately \$22.8 million. The actual royalty amount paid to Goodyear in the future will vary based on the sales of certain off-highway tires in North America and the continuation of the license agreement.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

## MARKET RISK SENSITIVE INSTRUMENTS

### Exchange Rate Sensitivity

The Company is exposed to fluctuations in the British pound and Euro world currencies. Titan does not hedge foreign currency transaction or translation exposures. The Company's net investment in foreign entities translated into U.S. dollars was \$6.5 million at December 31, 2009, and \$2.6 million at December 31, 2008. The hypothetical potential loss in value of the Company's net investment in foreign entities resulting from a 10% adverse change in foreign currency exchange rates at December 31, 2009, would amount to approximately \$0.6 million.

### Commodity Price Sensitivity

The Company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge its exposures to commodity market price fluctuations. Therefore, the Company is exposed to price fluctuations of its key commodities, which consist primarily of steel and rubber. The Company attempts to pass on certain material price increases and decreases to its customers, depending on market conditions.

### Interest Rate Sensitivity

- **Revolving credit facility** The Company has a \$150 million credit facility that has a variable interest rate. If the credit facility were fully drawn, a change in the interest rate of 100 basis points, or 1%, would change the Company's interest expense by approximately \$1.5 million. At December 31, 2009, there were no borrowings under the credit facility.
- **Senior unsecured 8% notes due 2012** At December 31, 2009, the fair value of the senior unsecured notes due January 2012, based on market prices obtained through independent pricing sources, was approximately \$190.9 million, compared to a carrying value of \$193.8 million.
- **Convertible senior subordinated 5.625% notes due 2017** At December 31, 2009, the fair value of the convertible senior subordinated notes due January 2017, based on market prices obtained through independent pricing sources, was approximately \$182.9 million, compared to a carrying value of \$172.5 million.

## MARKET CONDITIONS AND OUTLOOK

The magnitude and duration of the worldwide recession and economic crisis makes it extremely difficult to forecast future sales levels. In 2009, Titan experienced a sales decline across the board. This decline was more severe in the second half of the year. Titan may experience sales declines in each of the Company's markets for the first part of 2010. Although the short-term outlook is for continued sales declines, the Company has seen signs that the market may currently be experiencing the bottom of the cycle. The Company is cautiously optimistic that sales may move higher in the latter part of 2010, however, there can be no assurance that the decline in sales will not continue.

Energy, raw material and petroleum-based product costs have been exceptionally volatile and may negatively impact the Company's margins. Many of Titan's overhead expenses are fixed; therefore, lower seasonal trends may cause negative fluctuations in quarterly profit margins and affect the financial condition of the Company.

## AGRICULTURAL MARKET OUTLOOK

Agricultural market sales are forecasted to be lower in 2010 when compared to the previous year's sales levels. Commodity prices have declined from last year's highs, but remain above the long-term average. The gradual increase in the use of biofuels may help sustain future production. However, the magnitude and duration of the worldwide economic crisis makes it extremely difficult to forecast future sales levels. Many variables, including weather, grain prices, export markets and future government policies and payments can greatly influence the overall health of the agricultural economy. For 2010, the Company expects challenging conditions for the agricultural market.

## **EARTHMOVING/CONSTRUCTION MARKET OUTLOOK**

Sales for the earthmoving/construction market are expected to be challenging in 2010 as a result of the worldwide economic crisis. The magnitude and duration of this crisis makes it extremely difficult to forecast future sales levels. Metals, oil and gas prices have retreated from last year's highs as a result of the economic crisis. In the long-term, these prices are expected to return to levels that are attractive for continued investment, which should help support future earthmoving and mining sales. However, many producers are currently delaying new investments which will affect future sales levels. The significant decline in the United States housing market continues to cause a major reduction in demand for equipment used for construction. The earthmoving/construction segment is affected by many variables, including commodity prices, road construction, infrastructure, government appropriations, housing starts and the current banking and credit crisis. For 2010, the Company expects some improvement compared to the previous year's dramatically depressed sales levels in the earthmoving/construction market.

## **CONSUMER MARKET OUTLOOK**

Consumer discretionary spending has experienced a major contraction as a result of the worldwide recession, housing market decline, and high unemployment rates. Many of the Company's consumer market sales are ultimately used in items which fall into the discretionary spending category. There is no clear consensus among economists as to when consumer spending will rebound. Many factors continue to affect the consumer market including weather, competitive pricing, energy prices and consumer attitude. For 2010, the Company expects continued weakness in consumer spending related to Titan's consumer market.

## **PENSIONS**

The Company has three frozen defined benefit pension plans and one defined benefit plan that previously purchased a final annuity settlement. These plans are described in Note 20 of the Company's Notes to Consolidated Financial Statements.

The Company's recorded liability for pensions is based on a number of assumptions, including discount rates, rates of return on investments, mortality rates and other factors. Certain of these assumptions are determined by the Company with the assistance of outside actuaries. Assumptions are based on past experience and anticipated future trends. These assumptions are reviewed on a regular basis and revised when appropriate. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and the carrying value of the related obligations. During the twelve months ended December 31, 2009, the Company contributed cash funds of \$0.2 million to the frozen defined benefit pension plans. Titan expects to contribute approximately \$3 million to these frozen defined benefit pension plans during 2010.

Titan's projected benefit obligation at December 31, 2009, was \$93.7 million as compared to \$90.5 million at December 31, 2008. The Company's defined benefit pension plans were underfunded by \$24.5 million at December 31, 2009. During 2009, the Company recorded net periodic pension expense of \$4.9 million. Accumulated other comprehensive loss recorded for defined benefit pension plans, net of tax, was \$28.0 million and \$33.6 million at December 31, 2009 and 2008, respectively. Other comprehensive income (loss) is recorded as a direct charge to stockholders' equity and does not affect net income. Titan will be required to record net periodic pension cost in the future; these costs may fluctuate based upon revised assumptions and could negatively affect the Company's financial position, cash flows and results of operations.

## RECENTLY ISSUED ACCOUNTING STANDARDS

### **Accounting Guidance on Business Combinations**

In January 2009, the Company adopted revised accounting guidance on business combinations. This guidance requires an acquirer to recognize assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

### **Accounting Guidance on Interim Disclosures about Fair Value of Financial Instruments**

In April 2009, the Financial Accounting Standards Board (FASB) issued accounting guidance on interim disclosures about fair value of financial instruments. This guidance amends previous guidance to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance also amends previous guidance to require disclosures in summarized financial information at interim reporting periods. This guidance was effective for interim reporting periods ending after June 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

### **Accounting Guidance on Subsequent Events**

In June 2009, the Company adopted accounting guidance on subsequent events. The objective of this guidance was to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. This guidance was effective for interim periods ending after June 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

### **Accounting Guidance on Accounting Standards Codification and Generally Accepted Accounting Principles**

In June 2009, FASB issued accounting guidance on the FASB Accounting Standards Codification (Codification) and the hierarchy of GAAP. This guidance establishes the Codification as the single source of authoritative GAAP to be applied by nongovernmental entities, except for the rules and interpretive releases of the SEC under authority of federal securities laws, which are sources of authoritative GAAP for SEC registrants. This guidance was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

## **ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Reference is made to Item 7, Part II of this report.

## **ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Reference is made to Item 15, Part IV of this report, “Exhibits, Financial Statement Schedules.”

## **ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A – CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

The Company’s principal executive officer and principal financial officer have concluded the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective as of the end of the period covered by this Form 10-K based on an evaluation of the effectiveness of disclosure controls and procedures.

### **Changes in Internal Controls**

There were no material changes in internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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

## **ITEM 9B – OTHER INFORMATION**

None.

## **PART III**

### **ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

#### **Directors**

The information required by this item regarding the Company's directors is incorporated by reference to the Company's 2010 Proxy Statement under the captions "Election of Mr. Taylor and Mr. Akers as Directors," "Directors Continuing in Office," "Committees and Meetings of the Board of Directors" and "Corporate Governance."

#### **Executive Officers**

The names, ages and positions of all executive officers of the Company are listed below, followed by a brief account of their business experience during the past five years. Officers are normally appointed annually by the Board of Directors at a meeting immediately following the Annual Meeting of Stockholders. The Chief Executive Officer and Secretary are brother and sister. There is no arrangement or understanding between any officer and any other person pursuant to which an officer was selected.

Maurice M. Taylor Jr., 65, has been Chief Executive Officer and a Director of the Company since 1990, when Titan was acquired in a management-led buyout by investors, including Mr. Taylor. Mr. Taylor served as President of the Company from 1990 to 2005 and was appointed Chairman in 2005.

Kent W. Hackamack, 51, served as Corporate Controller of the Company from 1994 to 1996. Mr. Hackamack was appointed Vice President of Finance and Treasurer in 1996.

Cheri T. Holley, 62, joined the Company in 1994 as General Counsel and Secretary. Ms. Holley was appointed Vice President in 1996.

#### **Section 16(a) beneficial ownership reporting compliance**

The information required by this item regarding beneficial ownership reporting compliance is incorporated by reference to the Company's 2010 Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

#### **Business conduct policy**

The Company adopted a business conduct policy, which is applicable to directors, officers and employees. The Company has also adopted corporate governance guidelines. The business conduct policy and corporate governance guidelines are available under the investor information category of the Company's website, [www.titan-intl.com](http://www.titan-intl.com). The Company intends to satisfy disclosure requirements regarding amendments to or waivers from its business conduct policy by posting such information on its website. A printed copy of the business conduct policy and corporate governance guidelines are available, without charge, by writing to: Titan International, Inc., c/o Corporate Secretary, 2701 Spruce Street, Quincy, IL 62301.

### **ITEM 11 – EXECUTIVE COMPENSATION**

The information required by this item is incorporated by reference to the Company's 2010 Proxy Statement under the caption "Compensation of Executive Officers."

**ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Except for the information concerning equity compensation plans, the information required by this item is incorporated by reference to the Company’s 2010 Proxy Statement under the caption “Security Ownership of Certain Beneficial Owners and Management.”

The following table provides information about shares of Titan common stock that may be issued under Titan’s equity compensation plans, as of December 31, 2009:

Plan Category	(i) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(ii) Weighted- average exercise price of outstanding options, warrants and rights	(iii) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (i))
Equity compensation plans approved by security holders	390,536(a)	9.96	1,217,720
Equity compensation plans not approved by security holders	0	n/a	0
<b>Total</b>	<b>390,536</b>	<b>9.96</b>	<b>1,217,720</b>

(a) Amount includes outstanding stock options under the Company’s 1994 Non-Employee Director Stock Option Plan and 2005 Equity Incentive Plan.

For additional information regarding the Company’s stock option plans, please see Note 21 of the Company’s Notes to Consolidated Financial Statements.

**ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item is incorporated by reference to the Company’s 2010 Proxy Statement under the caption “Related Party Transactions” and “Corporate Governance” and also appears in Note 25 of the Company’s Notes to Consolidated Financial Statements.

**ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this item is incorporated by reference to the Company’s 2010 Proxy Statement under the caption “Audit and Other Fees.”

**PART IV**

**ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) 1. Financial Statements

Management’s Responsibility for Financial Statements and Report on Internal Control Over Financial Reporting F-1

Report of Independent Registered Public Accounting Firm F-2

Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007 F-3

Consolidated Balance Sheets at December 31, 2009 and 2008 F-4

Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2007, 2008 and 2009 F-5

Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007 F-6

Notes to Consolidated Financial Statements F-7 through F-33

2. Financial Statement Schedule

Schedule II – Valuation Reserves S-1

3. Exhibits

The accompanying Exhibit Index is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**TITAN INTERNATIONAL, INC.**  
**(Registrant)**

**Date:** February 25, 2010

**By:** /s/ MAURICE M. TAYLOR JR.

Maurice M. Taylor Jr.  
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2010.

<u>Signatures</u>	<u>Capacity</u>
<u>/s/ MAURICE M. TAYLOR JR.</u> Maurice M. Taylor Jr.	Chairman and Chief Executive Officer (Principal Executive Officer)
<u>/s/ KENT W. HACKAMACK</u> Kent W. Hackamack	Vice President of Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ J. MICHAEL A. AKERS</u> J. Michael A. Akers	Director
<u>/s/ ERWIN H. BILLIG</u> Erwin H. Billig	Director
<u>/s/ RICHARD M. CASHIN JR.</u> Richard M. Cashin Jr.	Director
<u>/s/ ALBERT J. FEBBO</u> Albert J. Febbo	Director
<u>/s/ MITCHELL I. QUAIN</u> Mitchell I. Quain	Director
<u>/s/ ANTHONY L. SOAVE</u> Anthony L. Soave	Director

TITAN INTERNATIONAL, INC.

Exhibit Index  
Annual Report on Form 10-K

Exhibit No.	DESCRIPTION
3.1 (a)	Amended Restated Articles of Incorporation of the Company
3.2 (b)	Bylaws of the Company
4.1 (c)	Indenture between the Company and U.S. Bank National Association dated December 28, 2006
4.2 (d)	Indenture between the Company and U.S. Bank National Association dated December 21, 2009
10.1 (e)	1994 Non-Employee Director Stock Option Plan
10.2 (f)	2005 Equity Incentive Plan
10.3*	Amended and Restated Credit Agreement among the Company and Bank of America, N.A. dated as of January 30, 2009
10.4 (g)	Maurice M. Taylor, Jr. Employment Agreement
10.5 (g)	Kent W. Hackamack Employment Agreement
10.6 (g)	Cheri T. Holley Employment Agreement
21*	Subsidiaries of the Registrant
23*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\*Filed herewith

- (a) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended September 30, 1998 (No. 1-12936).
- (b) Incorporated by reference to the same numbered exhibit contained in the Company's Registration Statement on Form S-4 (No. 33-69228).
- (c) Incorporated by reference to the same numbered exhibit contained in the Company's Form S-4 (No. 333-141865).
- (d) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on December 21, 2009.
- (e) Incorporated by reference to the Company's Registration Statement on Form S-3 (No. 333-61743).
- (f) Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement filed on March 30, 2005.
- (g) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended June 30, 2006 (No. 1-12936).

### **Management's Responsibility for Financial Statements**

Management is responsible for the preparation of the Company's consolidated financial statements included in this annual report on Form 10-K. Management believes that the consolidated financial statements fairly reflect the transactions and the financial statements reasonably present the Company's financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

The Board of Directors of the Company has an Audit Committee comprised entirely of outside directors who are independent of management. The Committee meets periodically with management, the internal auditors and the independent registered public accounting firm to review accounting control, auditing and financial reporting matters. The Audit Committee is responsible for the appointment of the independent registered public accounting firm and approval of their fees.

The independent registered public accounting firm audits the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). The consolidated financial statements as of December 31, 2009, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

### **Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting. 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.

Management has performed an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded the Company maintained effective internal control over financial reporting as of December 31, 2009.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors  
and Stockholders of  
Titan International, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index under item 15(a)(1) present fairly, in all material respects, the financial position of Titan International Inc. and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, 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 appearing on page F-1. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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.

/s/ PricewaterhouseCoopers LLP  
St. Louis, MO  
February 25, 2010

**TITAN INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(All amounts in thousands, except per share data)

	Year ended December 31,		
	2009	2008	2007
Net sales	\$ 727,599	\$ 1,036,700	\$ 837,021
Cost of sales	671,634	896,986	752,890
Gross profit	55,965	139,714	84,131
Selling, general and administrative expenses	46,734	53,661	51,449
Research and development expenses	8,850	3,490	1,689
Royalty expense	7,573	9,242	6,155
Noncash goodwill impairment charge	11,702	0	0
Income (loss) from operations	(18,894)	73,321	24,838
Interest expense	(16,246)	(15,122)	(18,710)
Noncash Titan Europe Plc charge	0	(37,698)	0
Noncash convertible debt conversion charge	0	0	(13,376)
Other income	3,138	2,509	3,364
Income (loss) before income taxes	(32,002)	23,010	(3,884)
Income tax provision (benefit)	(7,357)	9,673	3,363
Net income (loss)	\$ (24,645)	\$ 13,337	\$ (7,247)
Earnings (loss) per common share:			
Basic	\$ (.71)	\$ .39	\$ (.23)
Diluted	(.71)	.38	(.23)
Average common shares and equivalents outstanding:			
Basic	34,708	34,410	32,081
Diluted	34,708	34,838	32,081

See accompanying Notes to Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(All amounts in thousands, except share data)

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 229,182	\$ 61,658
Accounts receivable (net of allowance of \$3,958 and \$6,639, respectively)	67,513	126,531
Inventories	110,136	147,306
Deferred income taxes	11,108	12,042
Prepaid and other current assets	27,277	21,662
Total current assets	<u>445,216</u>	<u>369,199</u>
Property, plant and equipment, net	254,461	248,442
Goodwill	0	11,702
Deferred income taxes	7,253	7,256
Other assets	<u>29,533</u>	<u>18,183</u>
<b>Total assets</b>	<b><u>\$ 736,463</u></b>	<b><u>\$ 654,782</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Short-term debt	\$ 0	\$ 25,000
Accounts payable	24,246	65,547
Other current liabilities	45,826	46,088
Total current liabilities	<u>70,072</u>	<u>136,635</u>
Long-term debt	366,300	200,000
Other long-term liabilities	<u>38,138</u>	<u>38,959</u>
<b>Total liabilities</b>	<b><u>474,510</u></b>	<b><u>375,594</u></b>
Commitments and contingencies: Notes 12, 22 and 23		
Stockholders' equity		
Common stock (no par, 60,000,000 shares authorized, 37,475,288 issued)	30	30
Additional paid-in capital	299,519	300,024
Retained earnings	16,377	41,726
Treasury stock (at cost, 2,214,347 and 2,443,604 shares, respectively)	(20,274)	(22,332)
Treasury stock reserved for contractual obligations	(5,393)	(5,501)
Accumulated other comprehensive loss	(28,306)	(34,759)
<b>Total stockholders' equity</b>	<b><u>261,953</u></b>	<b><u>279,188</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 736,463</u></b>	<b><u>\$ 654,782</u></b>

See accompanying Notes to Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(All amounts in thousands, except share data)

	Number of common shares	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Treasury stock reserved for contractual obligations	Accumulated other comprehensive income (loss)	Total
<b>Balance January 1, 2007</b>	#24,871,735	\$ 30	\$ 258,071	\$ 36,802	\$ (96,264)	\$ 0	\$ (11,462)	\$ 187,177
Comprehensive income								
(loss):								
Net loss				(7,247)				(7,247)
Unrealized loss on investment, net of tax							(20,375)	(20,375)
Pension liability adjustments, net of tax							793	793
<b>Comprehensive loss</b>								
<b>(26,829)</b>								
Dividends paid on common stock								
				(543)				(543)
Note conversion	8,221,500		35,240		59,049			94,289
Exercise of stock options	555,663		2,640		3,991			6,631
Issuance of treasury stock for funding contractual obligations on employee contracts	267,500		4,184		1,921			6,105
Issuance of treasury stock for pension plans	250,000		3,536		1,796			5,332
Issuance of treasury stock under 401(k) plan	17,086		237		123			360
<b>Balance December 31, 2007</b>	34,183,484	30	303,908	29,012	(29,384)	0	(31,044)	272,522
Comprehensive income								
(loss):								
Net income				13,337				13,337
Noncash Titan Europe Plc charge							14,249	14,249
Pension liability adjustments, net of tax							(17,964)	(17,964)
<b>Comprehensive income</b>								
<b>9,622</b>								
Dividends paid on common stock								
				(623)				(623)
Noncash Titan Europe Plc charge			(10,471)					(10,471)
Cash paid for fractional shares resulting from stock split			(70)					(70)
Exercise of stock options	313,463		5,389		2,278			7,667
Issuance of treasury stock for funding contractual obligations on employee contracts	512,640		898		4,603	(5,501)		0
Issuance of treasury stock under 401(k) plan	22,097		370		171			541
<b>Balance December 31, 2008</b>	35,031,684	30	300,024	41,726	(22,332)	(5,501)	(34,759)	279,188
Comprehensive income								
(loss):								
Net loss				(24,645)				(24,645)
Pension liability adjustments, net of tax							5,538	5,538
Unrealized gain on								

investment, net of tax						915	915
Comprehensive loss							(18,192)
Dividends paid on common stock			(704)				(704)
Exercise of stock options	170,000	(384)		1,526			1,142
Contractual obligation transactions		(7)			108		101
Issuance of treasury stock under 401(k) plan	59,257	(114)		532			418
<b>Balance December 31, 2009</b>	<u>#35,260,941</u>	<u>\$ 30</u>	<u>\$ 299,519</u>	<u>\$ 16,377</u>	<u>\$ (20,274)</u>	<u>\$ (5,393)</u>	<u>\$ (28,306)</u>
							<u>\$ 261,953</u>

See accompanying Notes to Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(All amounts in thousands)

	Year ended December 31,		
	2009	2008	2007
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (24,645)	\$ 13,337	\$ (7,247)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	34,296	30,368	28,620
Deferred income tax provision	(2,950)	13,987	1,995
Gain on senior note repurchase	(1,398)	0	0
Noncash goodwill impairment charge	11,702	0	0
Noncash Titan Europe Plc charge	0	24,504	0
Noncash convertible debt conversion charge	0	0	13,376
Excess tax benefit from stock options exercised	0	(4,131)	0
Issuance of treasury stock under 401(k) plan	418	541	360
(Increase) decrease in assets:			
Accounts receivable	59,018	(28,137)	(24,512)
Inventories	37,170	(19,258)	26,556
Prepaid and other current assets	(5,615)	(3,823)	(1,738)
Other assets	(2,031)	575	(1,566)
Increase (decrease) in liabilities:			
Accounts payable	(41,301)	21,555	18,108
Other current liabilities	(462)	6,393	16,668
Other liabilities	8,111	(4,741)	5,373
<b>Net cash provided by operating activities</b>	<b>72,313</b>	<b>51,170</b>	<b>75,993</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(39,537)	(79,953)	(38,048)
Acquisition of shares of Titan Europe Plc	(2,399)	0	0
Acquisition of off-the-road (OTR) assets	0	0	(8,900)
Other	1,042	104	532
<b>Net cash used for investing activities</b>	<b>(40,894)</b>	<b>(79,849)</b>	<b>(46,416)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	172,500	0	0
Repurchase of senior notes	(4,726)	0	0
Payment on debt	0	0	(10,164)
Proceeds (payment) on revolving credit facility, net	(25,000)	25,000	0
Proceeds from exercise of stock options	1,142	3,536	6,631
Excess tax benefit from stock options exercised	0	4,131	0
Payment of financing fees	(7,107)	(70)	(625)
Dividends paid	(704)	(585)	(506)
<b>Net cash provided by (used for) financing activities</b>	<b>136,105</b>	<b>32,012</b>	<b>(4,664)</b>
Net increase in cash and cash equivalents	167,524	3,333	24,913
Cash and cash equivalents, beginning of year	61,658	58,325	33,412
Cash and cash equivalents, end of year	<u>\$ 229,182</u>	<u>\$ 61,658</u>	<u>\$ 58,325</u>

See accompanying Notes to Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Business**

Titan International, Inc. and its subsidiaries (Titan or the Company) are leading manufacturers of wheels, tires and assemblies for off-highway vehicles used in the agricultural, earthmoving/construction and consumer markets. Titan's earthmoving/construction market also includes products supplied to the U.S. military and other government entities, while the consumer market includes all-terrain vehicles (ATVs) and recreational/utility trailer applications. Titan manufactures both wheels and tires for the majority of these market applications, allowing the Company to provide the value-added service of delivering complete wheel and tire assemblies. The Company offers a broad range of products that are manufactured in relatively short production runs to meet the specifications of original equipment manufacturers (OEMs) and/or the requirements of aftermarket customers.

**Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly- and majority-owned subsidiaries. Investments of less than 20% of publicly traded entities are carried at fair value in accordance with Accounting Standards Codification (ASC) 320 Investments – Debt and Equity Securities. The Company has considered the applicable guidance in ASC 323 Investments – Equity Method and Joint Ventures and has concluded that the Company's 22.9% investment in Titan Europe Plc should be accounted for as an available-for-sale security and recorded at fair value in accordance with ASC 320 Investments – Debt and Equity Securities. The Company has determined after considering the facts and circumstances relating to the investment that the equity method of accounting is not appropriate as the Company does not have significant influence over Titan Europe Plc. All significant intercompany accounts and transactions have been eliminated.

**Stock split**

In June 2008, Titan's Board of Directors approved a five-for-four stock split. Titan executed a five-for-four stock split that became effective August 15, 2008, for stockholders of record on July 31, 2008. The Company gave five shares for every four shares held as of the record date. Stockholders received one additional share for every four shares owned as of the record date and received cash in lieu of fractional shares. All share and per share data, except shares authorized, have been adjusted to reflect the effect of the stock split for all periods presented.

**Inventories**

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method in 2009 for approximately 74% of inventories and the last-in, first-out (LIFO) method for approximately 26% of inventories. The major rubber material inventory and related work-in-process and their finished goods are accounted for under the FIFO method. The major steel material inventory and related work-in-process and their finished goods are accounted for under the LIFO method. Market value is estimated based on current selling prices. Estimated provisions are established for excess and obsolete inventory, as well as inventory carried above market price based on historical experience.

**Deferred financing costs**

Deferred financing costs are costs incurred in connection with the Company's revolving credit facility, senior unsecured notes and convertible senior subordinated notes. The costs associated with the revolving credit facility are being amortized over the remaining term of the facility. The costs associated with the senior unsecured notes are amortized straight line over five years, the term of the notes. The costs associated with the convertible senior subordinated notes are amortized straight line over seven years, the term of the notes. Amortization of deferred financing costs for the debt facilities approximates the effective interest rate method.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Fixed assets**

Property, plant and equipment have been recorded at cost. Depreciation is provided using the straight-line method over the following estimated useful lives of the related assets:

	<u>Years</u>
Building and improvements	25
Machinery and equipment	10
Tools, dies and molds	5

Maintenance and repairs are expensed as incurred. When property, plant and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated, and any gain or loss on disposition is included in the accompanying consolidated statements of operations.

Interest is capitalized on fixed asset projects which are constructed over a period of time. The amount of interest capitalized is determined by applying a weighted average interest rate to the average amount of accumulated expenditures for the asset during the period. The interest rate used is based on the rates applicable to borrowings outstanding during the period.

**Fair value of financial instruments**

The Company records all financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, other accruals and notes payable at cost, which approximates fair value. Investments in marketable equity securities are recorded at fair value. The senior unsecured notes and convertible senior subordinated notes are the only significant financial instruments of the Company with a fair value different from the recorded value. At December 31, 2009, the fair value of the senior unsecured 8% notes due January 2012, based on market prices obtained through independent pricing sources, was approximately \$190.9 million, compared to a carrying value of \$193.8 million. At December 31, 2009, the fair value of the convertible senior subordinated 5.625% notes due January 2017, based on market prices obtained through independent pricing sources, was approximately \$182.9 million, compared to a carrying value of \$172.5 million.

**Available-for-sale securities**

The Company has an investment in Titan Europe Plc that was valued at \$6.5 million as of December 31, 2009, representing a 22.9% ownership position, at that time. Titan Europe Plc is publicly traded on the AIM market in London, England. The investment in Titan Europe Plc is included as a component of other assets on the Consolidated Balance Sheets. The Company has considered the applicable guidance in ASC 323 Investments – Equity Method and Joint Ventures and has concluded that the Company's investment in Titan Europe Plc should continue to be accounted for as an available-for-sale security and recorded at fair value in accordance with ASC 320 Investments – Debt and Equity Securities as the Company does not have significant influence over Titan Europe Plc. In accordance with ASC 320, the Company records the Titan Europe Plc investment as an available-for-sale security and reports this investment at fair value, with unrealized gains and losses excluded from earnings and reported in a separate component of stockholders' equity. Should the fair value decline below the cost basis, the Company would be required to determine if this decline is other than temporary. If the decline in fair value were judged to be other than temporary, an impairment charge would be recorded. Declared dividends on this investment are recorded in income as a component of other income. See Note 6 for additional information.

**Impairment of fixed assets**

The Company reviews fixed assets to assess recoverability from future operations whenever events and circumstances indicate that the carrying values may not be recoverable. Impairment losses are recognized in operating results when expected undiscounted future cash flows are less than the carrying value of the asset. Impairment losses are measured as the excess of the carrying value of the asset over the discounted expected future cash flows or the estimated fair value of the asset.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Foreign currency translation**

The financial statements of the Company's foreign subsidiaries are translated to United States currency in accordance with ASC 830 Foreign Currency Matters. Assets and liabilities are translated to United States dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity. As of December 2009, the Company's investment in Titan Europe Plc was classified as available-for-sale securities and this investment is included as a component of other assets on the Consolidated Balance Sheets. Gains and losses that result from foreign currency transactions are included in the accompanying consolidated statements of operations.

**Impairment of goodwill**

The Company reviews goodwill for impairment during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable. In the fourth quarter of 2009, the Company recorded a noncash charge for the impairment of goodwill of \$11.7 million on both a pre-tax and after-tax basis. The charge was associated with the reporting units of the Company's agricultural (\$6.9 million), earthmoving/construction (\$3.6 million), and consumer (\$1.2 million) segments. The Company had no remaining goodwill after the impairment. See Note 8 for additional information.

**Revenue recognition**

The Company records sales revenue when products are shipped to customers and both title and the risks and rewards of ownership are transferred. Provisions are established for sales returns and uncollectible accounts based on historical experience. Should trends change, adjustments would be necessary to the estimated provisions.

**Cost of sales**

Cost of sales is comprised primarily of direct materials and supplies consumed in the manufacturing of the Company's products, as well as manufacturing labor, depreciation expense and overhead expense necessary to acquire and convert the purchased materials and supplies into a finished product. Cost of sales also includes all purchasing, receiving, inspection, internal transfers, and related distribution costs.

**Selling, general and administrative expense**

Selling, general and administrative (SG&A) expense is comprised primarily of sales commissions, marketing expense, selling and administrative wages, information system costs, legal fees, bank charges, audit fees, research and development, depreciation and amortization expense on non-manufacturing assets, and other administrative items.

**Research and development expense**

Research and development (R&D) expenses are expensed as incurred. R&D costs were \$8.9 million, \$3.5 million and \$1.7 million for the years of 2009, 2008 and 2007, respectively. The additional R&D costs recorded during the past two years primarily related to the Giant OTR products.

**Advertising**

Advertising expenses are included in SG&A expense and are expensed as incurred. Advertising costs were approximately \$2 million for each of the years ended December 31, 2009, 2008 and 2007.

**Warranty costs**

The Company provides limited warranties on workmanship on its products in all market segments. The provision for estimated warranty costs is made in the period when such costs become probable and is based on past warranty experience. See Note 10 for additional information.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Income taxes**

Deferred income tax provisions are determined using the liability method whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax basis of assets and liabilities. The Company assesses the realizability of its deferred tax asset positions to determine if a valuation allowance is necessary.

**Earnings per share**

Basic earnings per share (EPS) is computed by dividing consolidated net earnings by the weighted average number of common shares outstanding. Diluted EPS is computed by dividing adjusted consolidated net earnings by the sum of the weighted average number of common shares outstanding and the weighted average number of potential common shares outstanding. Potential common shares consist of outstanding options under the Company's stock option plans and the conversion of the Company's senior unsecured convertible notes.

**Cash equivalents**

The Company considers short-term debt securities with an original maturity of three months or less to be cash equivalents.

**Interest paid**

The Company paid \$16.7 million, \$16.6 million and \$10.2 million for interest in 2009, 2008 and 2007, respectively.

**Income taxes paid**

Titan paid \$0.4 million, \$8.0 million and \$2.4 million for income taxes in 2009, 2008 and 2007, respectively.

**Global market risk**

The Company manufactures and sells products and purchases goods in the United States and foreign countries. The Company is potentially subject to foreign currency exchange risk relating to receipts from customers and payments to suppliers in foreign currencies. As a result, the Company's financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which the Company conducts business. Gains and losses arising from the settlement of foreign currency transactions are charged to the Consolidated Statement of Operations for the related period. Translation adjustments arising from the translation of foreign subsidiary financial statements are recorded in accumulated other comprehensive income in stockholders' equity in the accompanying consolidated balance sheets.

**Environmental liabilities**

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future revenue are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and can be reasonably estimated.

**Stock-based compensation**

At December 31, 2009, the Company has two stock-based compensation plans, which are described in Note 21. The Company granted no stock options in 2009, 2008 or 2007.

**Reclassification**

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

**Use of estimates**

The policies utilized by the Company in the preparation of the financial statements conform to accounting principles generally accepted in the United States of America and require management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates and assumptions.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Recently issued accounting standards**

**Accounting Guidance on Business Combinations**

In January 2009, the Company adopted revised accounting guidance on business combinations. This guidance requires an acquirer to recognize assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

**Accounting Guidance on Interim Disclosures about Fair Value of Financial Instruments**

In April 2009, the Financial Accounting Standards Board (FASB) issued accounting guidance on interim disclosures about fair value of financial instruments. This guidance amends previous guidance to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance also amends previous guidance to require disclosures in summarized financial information at interim reporting periods. This guidance was effective for interim reporting periods ending after June 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

**Accounting Guidance on Subsequent Events**

In June 2009, the Company adopted accounting guidance on subsequent events. The objective of this guidance was to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. This guidance was effective for interim periods ending after June 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

**Accounting Guidance on Accounting Standards Codification and Generally Accepted Accounting Principles**

In June 2009, FASB issued accounting guidance on the FASB Accounting Standards Codification (Codification) and the hierarchy of GAAP. This guidance establishes the Codification as the single source of authoritative GAAP to be applied by nongovernmental entities, except for the rules and interpretive releases of the SEC under authority of federal securities laws, which are sources of authoritative GAAP for SEC registrants. This guidance was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance had no material effect on the Company's financial position, results of operations or cash flows.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 71,471	\$ 133,170
Allowance for doubtful accounts	(3,958)	(6,639)
Accounts receivable, net	<u>\$ 67,513</u>	<u>\$ 126,531</u>

The Company had net accounts receivable of \$67.5 million and \$126.5 million at December 31, 2009 and 2008, respectively. These amounts are net of allowance for doubtful accounts of \$4.0 million and \$6.6 million for the years ended 2009 and 2008, respectively.

**3. INVENTORIES**

Inventories at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Raw material	\$ 44,336	\$ 73,927
Work-in-process	21,378	26,820
Finished goods	46,067	56,488
	111,781	157,235
Adjustment to LIFO basis	(1,645)	(9,929)
	<u>\$ 110,136</u>	<u>\$ 147,306</u>

The Company had inventories of \$110.1 million and \$147.3 million at December 31, 2009 and 2008, respectively. Included in the above inventory balances at year-end 2009 and 2008 are reserves for slow-moving and obsolete inventory of \$2.3 million and \$3.8 million, respectively. The LIFO reduction changed primarily as a result of fluctuations within the composition of LIFO inventory layers in association with the major inventory reduction.

**4. PREPAID AND OTHER CURRENT ASSETS**

Prepaid and other current assets at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Prepaid supplies	\$ 14,019	\$ 12,436
Prepaid income taxes	3,514	3,141
Other	9,744	6,085
	<u>\$ 27,277</u>	<u>\$ 21,662</u>

The Company had prepaid and other current assets of \$27.3 million and \$21.7 million at December 31, 2009 and 2008, respectively. The major component consisted primarily of prepaid supplies, which were \$14.0 million and \$12.4 million at December 31, 2009 and 2008, respectively.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 2,993	\$ 3,343
Buildings and improvements	97,238	99,650
Machinery and equipment	359,244	318,327
Tools, dies and molds	77,926	62,856
Construction-in-process	16,383	37,536
	<u>553,784</u>	<u>521,712</u>
Less accumulated depreciation	(299,323)	(273,270)
	<u>\$ 254,461</u>	<u>\$ 248,442</u>

The Company had property, plant and equipment of \$254.5 million and \$248.4 million at December 31, 2009 and 2008, respectively. Depreciation related to property, plant and equipment for the years 2009, 2008 and 2007 totaled \$31.7 million, \$27.5 million, and \$26.1 million, respectively.

**6. INVESTMENT IN TITAN EUROPE**

Investment in Titan Europe Plc at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Investment in Titan Europe Plc	\$ 6,456	\$ 2,649

Titan Europe Plc is publicly traded on the AIM market in London, England. During the first quarter of 2009, the Company purchased \$2.4 million of additional shares in Titan Europe Plc, thereby increasing its investment from 17.2% to a 22.9% ownership percentage. The Company has considered the applicable guidance in ASC 323 Investments – Equity Method and Joint Ventures and has concluded that the Company’s investment in Titan Europe Plc should continue to be accounted for as an available-for-sale security and recorded at fair value in accordance with ASC 320 Investments – Debt and Equity Securities as the Company does not have significant influence over Titan Europe Plc. The investment in Titan Europe Plc is included as a component of other assets on the Consolidated Balance Sheets. Titan’s cost basis in Titan Europe is \$5.0 million. Titan’s other comprehensive income includes a gain on the Titan Europe investment of \$0.9 million, which is net of tax of \$0.5 million. The increased value in the Titan Europe Plc investment at December 31, 2009, was due to a higher publicly quoted Titan Europe Plc market price and additional purchased shares.

**7. OTHER ASSETS**

Other assets at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Deferred financing	\$ 9,084	\$ 3,260
Investment in Titan Europe Plc	6,456	2,649
Contractual obligations	5,869	4,426
Other	8,124	7,848
	<u>\$ 29,533</u>	<u>\$ 18,183</u>

Other assets were \$29.5 million and \$18.2 million at December 31, 2009 and 2008, respectively. The higher balance in other assets primarily related to deferred financing, which increased to \$9.1 million at December 31, 2009, from \$3.3 million at December 31, 2008. The deferred financing increase was due to approximately \$6 million of deferred financing related to the December 2009 convertible note offering.

**TITAN INTERNATIONAL, INC.**  
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**8. GOODWILL**

The changes in the carrying amount of goodwill by reporting units for the year ended December 31, 2009, were as follows (amounts in thousands):

	<b>Agricultural Segment</b>	<b>Earthmoving/ Construction Segment</b>	<b>Consumer Segment</b>	<b>Total</b>
Balance at January 1, 2008	\$ 6,912	\$ 3,552	\$ 1,238	\$ 11,702
Additions/disposals	0	0	0	0
Balance at December 31, 2008	6,912	3,552	1,238	11,702
Noncash goodwill impairment charge	(6,912)	(3,552)	(1,238)	(11,702)
Balance at December 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The Company reviews goodwill for impairment during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable. The Company evaluates the recoverability of goodwill by estimating the future discounted cash flows of the reporting unit to which the goodwill relates and using an earnings before interest, taxes, depreciation, and amortization (EBITDA) multiple approach. In determining the estimated future cash flows, the Company considers current and projected future levels of income as well as business trends and economic conditions. When the Company's estimated fair value of the reporting unit is less than the carrying value, a second step of the impairment analysis is performed. In this second step, the implied fair value of goodwill is calculated as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

In the fourth quarter of 2009, the Company recorded a noncash charge for the impairment of goodwill of \$11.7 million on both a pre-tax and million after-tax basis. The charge was associated with the reporting units of the Company's agricultural (\$6.9 million), earthmoving/construction (\$3.6 million), and consumer (\$1.2 million) segments. The Company performed a fourth quarter 2009 goodwill assessment using a discounted cash flow model that employed a 12.25% discount rate and 2.5% terminal growth rate assumption and an EBITDA multiple approach.

The key factors contributing to the goodwill impairment were: (i) depressed sales levels, which began to accelerate during the third quarter of 2009, continued in the fourth quarter resulting from reduced demand for the Company's products across the board, a consequence of the worldwide recession and global economic crisis, (ii) many of the Company's major customers implemented additional shutdowns during the fourth quarter of 2009, Titan in turn extended shutdowns at its production facilities to manage the lower demand, (iii) operating losses which began in the third quarter, continued into the fourth quarter associated with lower product demand, (iv) decline in the reporting units' forecasted financial performance as a result of ongoing weak economic conditions, and (v) in December 2009, in association with Titan's convertible note issuance, the rating agencies of Moody's Investor Service and Standard and Poor's Rating Services issued a revised outlook on the Company's future performance to negative from stable.

Significant assumptions relating to future operations must be made when estimating future cash flows in analyzing goodwill for impairment. Assumptions utilized in analyzing goodwill are highly judgmental, especially given the worldwide recession and global economic crisis.

**TITAN INTERNATIONAL, INC.**  
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**9. OTHER CURRENT LIABILITIES**

Other current liabilities at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Warranty	\$ 9,169	\$ 7,488
Wages and commissions	8,384	11,765
Accrued interest	7,656	7,554
Insurance	5,958	6,161
Utilities	2,289	3,103
Other	12,370	10,017
	<u>\$ 45,826</u>	<u>\$ 46,088</u>

Other current liabilities were \$45.8 million and \$46.1 million at December 31, 2009 and 2008, respectively. Reductions in wages and commissions of approximately \$3 million and utilities of approximately \$1 million were offset by increases of approximately \$4 million in the other line items described in the table above.

**10. WARRANTY COSTS**

Changes in the warranty liability consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Warranty liability, January 1	\$ 7,488	\$ 5,854
Provision for warranty liabilities	18,629	13,567
Warranty payments made	(16,948)	(11,933)
Warranty liability, December 31	<u>\$ 9,169</u>	<u>\$ 7,488</u>

The Company provides limited warranties on workmanship on its products in all market segments. The majority of the Company's products have a limited warranty that ranges from zero to ten years with certain products being prorated after the first year. The Company calculates a provision for warranty expense based on past warranty experience. Warranty accruals are included as a component of other current liabilities on the Consolidated Balance Sheets.

**11. OTHER LONG-TERM LIABILITIES**

Other long-term liabilities at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Accrued pension liabilities	\$ 25,091	\$ 29,291
Accrued employment liabilities	9,481	7,218
Other	3,566	2,450
	<u>\$ 38,138</u>	<u>\$ 38,959</u>

Other long-term liabilities were \$38.1 million and \$39.0 million at December 31, 2009 and 2008, respectively. The reduction in other long-term liabilities related to accrued pension liabilities, which decreased approximately \$4 million at December 31, 2009, from year-end 2008. This reduction was partially offset by increases of approximately \$2 million in accrued employment liabilities and approximately \$1 million in the other line item.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT**

Long-term debt at December 31, 2009 and 2008, consisted of the following (amounts in thousands):

	2009	2008
Senior unsecured 8% notes due 2012	\$ 193,800	\$ 200,000
Convertible senior subordinated 5.625% notes due 2017	172,500	0
Revolving credit facility	0	25,000
	366,300	225,000
Less amounts due within one year	0	25,000
	<u>\$ 366,300</u>	<u>\$ 200,000</u>

Aggregate maturities of long-term debt are as follows (amounts in thousands):

2010	\$ 0
2011	0
2012	193,800
2013	0
2014	0
Thereafter	172,500
	<u>\$ 366,300</u>

**Senior unsecured 8% notes due 2012**

The Company's senior unsecured 8% notes are due January 2012. In the first quarter of 2009, the Company repurchased \$6.2 million of principal value of senior notes for approximately \$4.8 million resulting in a \$1.4 million gain on the note repurchases. The senior notes outstanding balance was \$193.8 million at December 31, 2009.

**Convertible senior subordinated 5.625% notes due 2017**

The Company's convertible senior subordinated 5.625% notes (Notes) are due January 2017. The initial base conversion rate for the Notes is 93.0016 shares of Titan common stock per \$1,000 principal amount of Notes, equivalent to an initial base conversion price of approximately \$10.75 per share of Titan common stock. If the price of Titan common stock at the time of determination exceeds the base conversion price, the base conversion rate will be increased by an additional number of shares (up to 9.3002 shares of Titan common stock per \$1,000 principal amount of Notes) as determined pursuant to a formula described in the indenture. The base conversion rate will be subject to adjustment in certain events.

**Revolving credit facility**

The Company's \$150 million revolving credit facility (credit facility) with agent Bank of America, N.A. has a January 2012 termination date and is collateralized by a first priority security interest in certain assets of Titan and its domestic subsidiaries. At December 31, 2009, there were no borrowings under the credit facility. During 2009, the borrowings under the credit facility bore an approximate 3¼% interest rate.

On January 30, 2009, Titan International, Inc. amended and restated its credit facility with Bank of America, N.A. The amendment included a multi-year extension that extended the credit facility termination date to January 2012 from the previous October 2009 date. The amendment created an accordion feature within the credit facility that set the initial loan availability at \$150 million with the ability to request increases up to a maximum availability of \$250 million.

The credit facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. In connection with the convertible senior subordinated note offering, Titan agreed to add an additional mutually agreeable covenant to the Company's revolving credit facility. Titan is in compliance with these covenants and restrictions as of December 31, 2009.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Accumulated other comprehensive income (loss) consisted of the following (amounts in thousands):

	Currency Translation Adjustments	Unrealized Gain (Loss) on Investments	Unrecognized Losses and Prior Service Cost	Total
<b>Balance at January 1, 2008</b>	\$ (1,183)	\$ (14,249)	\$ (15,612)	\$ (31,044)
Noncash Titan Europe Plc charge	0	14,249	0	14,249
Defined benefit pension plan entries:				
Unrecognized prior service cost, net of tax of \$52	0	0	85	85
Unrecognized net loss, net of tax of \$11,041	0	0	(18,014)	(18,014)
Unrecognized deferred tax liability, net of tax of \$21	0	0	(35)	(35)
<b>Balance at December 31, 2008</b>	<b>(1,183)</b>	<b>0</b>	<b>(33,576)</b>	<b>(34,759)</b>
Unrealized gain on investment, net of tax of \$493	0	915	0	915
Defined benefit pension plan entries:				
Unrecognized prior service cost, net of tax of \$51	0	0	85	85
Unrecognized net gain, net of tax of \$3,364	0	0	5,488	5,488
Unrecognized deferred tax liability, net of tax of \$21	0	0	(35)	(35)
<b>Balance at December 31, 2009</b>	<b>\$ (1,183)</b>	<b>\$ 915</b>	<b>\$ (28,038)</b>	<b>\$ (28,306)</b>

**14. STOCKHOLDERS' EQUITY**

The Company is authorized by the Board of Directors to repurchase up to 2.5 million common shares subject to debt agreement covenants. The Company repurchased no Titan common shares in 2009, 2008, or 2007. The Company has no plans at this time to repurchase any Titan common stock. Titan paid cash dividends of \$.02 per share of common stock for 2009, \$.018 per share of common stock for 2008 and \$.016 per share for common stock for 2007. Dividends paid totaled \$0.7 million, \$0.6 million and \$0.5 million for 2009, 2008 and 2007, respectively.

**15. FAIR VALUE MEASUREMENTS**

The adoption of guidance in ASC 820 Fair Value Measurements for nonfinancial assets and nonfinancial liabilities, effective January 1, 2009, did not have a material impact on Titan's consolidated financial position, results of operations or cash flows.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as:

Level 1 – Quoted prices in active markets for identical instruments;

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis consisted of the following (amounts in thousands):

	December 31, 2009			December 31, 2008		
	Total	Level 1	Levels 2&3	Total	Level 1	Levels 2&3
Investment in Titan Europe Plc	\$ 6,456	\$ 6,456	\$ 0	\$ 2,649	\$ 2,649	\$ 0
Investments for contractual obligations	5,869	5,869	0	4,426	4,426	0
<b>Total</b>	<b>\$ 12,325</b>	<b>\$ 12,325</b>	<b>\$ 0</b>	<b>\$ 7,075</b>	<b>\$ 7,075</b>	<b>\$ 0</b>

**TITAN INTERNATIONAL, INC.**  
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**16. ROYALTY EXPENSE**

Royalty expense consisted of the following (amounts in thousands):

	2009	2008	2007
Royalty expense	\$ 7,573	\$ 9,242	\$ 6,155

The Company has a license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America under the Goodyear name. Royalty expenses recorded for the years ended December 31, 2009, 2008 and 2007, were \$7.6 million, \$9.2 million and \$6.2 million, respectively.

**17. NONCASH CONVERTIBLE DEBT CONVERSION CHARGE**

Noncash convertible debt conversion charge consisted of the following (amounts in thousands):

	2009	2008	2007
Noncash convertible debt charge	\$ 0	\$ 0	\$ 13,376

In January 2007, the Company filed a registration statement relating to an offer to the holders of its 5.25% senior unsecured convertible notes due 2009 to convert their notes into Titan's common stock at an increased conversion rate (Offer). Per the Offer, each \$1,000 principal amount of notes was convertible into 81.0000 shares of common stock, which is equivalent to a conversion price of approximately \$12.35 per share.

In March 2007, the Company announced 100% acceptance of the conversion offer and the \$81.2 million of accepted notes were converted into 6,577,200 shares of Titan common stock. The Company recognized a noncash charge of \$13.4 million in connection with this exchange in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

**18. OTHER INCOME, NET**

Other income consisted of the following (amounts in thousands):

	2009	2008	2007
Gain on senior note repurchases	\$ 1,398	\$ 0	\$ 0
Investment gain (loss) related to contractual obligations	1,343	(1,852)	172
Interest income	211	1,352	2,717
Dividend income – Titan Europe Plc	0	1,711	1,768
Other income (expense)	186	1,298	(1,293)
	<u>\$ 3,138</u>	<u>\$ 2,509</u>	<u>\$ 3,364</u>

Other income recorded for the years ended December 31, 2009, 2008 and 2007, was \$3.1 million, \$2.5 million and \$3.4 million, respectively. The other income items are described in the table above.

**TITAN INTERNATIONAL, INC.**  
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**19. INCOME TAXES**

Income (loss) before income taxes, consisted of the following (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Domestic	\$ (31,863)	\$ 21,727	\$ (6,306)
Foreign	(139)	1,283	2,422
	<u>\$ (32,002)</u>	<u>\$ 23,010</u>	<u>\$ (3,884)</u>

The income tax provision (benefit) was as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current			
Federal	\$ (3,526)	\$ 7,814	\$ 562
State	160	34	547
Foreign	(1,041)	1,031	1,574
	<u>(4,407)</u>	<u>8,879</u>	<u>2,683</u>
Deferred			
Federal	(2,721)	811	2,725
State	(229)	(17)	408
Foreign	0	0	(2,453)
	<u>(2,950)</u>	<u>794</u>	<u>680</u>
Income tax provision (benefit)	<u>\$ (7,357)</u>	<u>\$ 9,673</u>	<u>\$ 3,363</u>

The income tax provision differs from the amount of income tax determined by applying the statutory U.S. federal income tax rate to pre-tax income (loss) as a result of the following:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
Nondeductible goodwill impairment	(12.8)	0.0	0.0
Nondeductible debt conversion charge	0.0	0.0	(120.6)
Irish capital gains tax	0.0	0.0	29.3
Repatriation of foreign earnings	0.0	1.9	(29.2)
Foreign taxes, net	1.6	(1.9)	18.8
State taxes, net	(0.1)	4.8	(16.0)
Other, net	(0.7)	2.2	(3.9)
Effective tax rate	<u>23.0%</u>	<u>42.0%</u>	<u>(86.6)%</u>

**TITAN INTERNATIONAL, INC.**  
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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2009 and 2008, are as follows (amounts in thousands):

	<u>2009</u>	<u>2008</u>
Deferred tax assets:		
Unrealized loss on investments	\$ 13,401	\$ 13,954
Net operating loss carryforwards	13,481	2,004
Pension	9,789	11,130
Employee benefits and related costs	4,821	4,044
Warranty	3,533	2,862
Allowance for bad debts	1,963	2,523
Inventory	968	1,970
EPA reserve	858	1,121
Other	3,894	4,636
Deferred tax assets	<u>52,708</u>	<u>44,244</u>
Deferred tax liabilities:		
Fixed assets	(34,347)	(24,946)
Deferred tax liabilities	<u>(34,347)</u>	<u>(24,946)</u>
Net deferred tax asset	<u>\$ 18,361</u>	<u>\$ 19,298</u>

The Company recorded an income tax benefit of \$(7.4) million for the year ended December 31, 2009, and income tax expense of \$9.7 million and \$3.4 million for the years ended December 31, 2008 and 2007, respectively. The Company's income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the \$11.7 million noncash goodwill impairment charge. This noncash goodwill charge is not deductible for income tax purposes. The Company's Federal net operating loss carryforward of approximately \$30 million expires in 2029. In addition, the Company has various state net operating loss carryforwards which are subject to expiration from 2019 to 2029.

The Company has applied the provisions of FIN 48, "Accounting for Uncertainty in Income Taxes", for the year ended December 31, 2009. No adjustment was made to retained earnings in adopting FIN 48 in 2007 and at this time the Company does not expect any significant increases or decreases to its unrecognized tax benefits within 12 months of this reporting date. Titan has identified its federal tax return and its Illinois state tax return as "major" tax jurisdictions. The Company is subject to (i) federal tax examinations for periods 2006 to 2009 and (ii) Illinois state income tax examinations for years 2006 to 2009.

**TITAN INTERNATIONAL, INC.**  
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**20. EMPLOYEE BENEFIT PLANS**

**Pension plans**

The Company has a frozen defined benefit pension plan covering certain employees of Titan Tire Corporation (Titan Tire) and has a frozen defined benefit pension plan covering certain employees of Titan Tire Corporation of Bryan (Bryan). The Company also has a frozen contributory defined benefit pension plan covering certain former eligible bargaining employees of its Walcott, Iowa, facility (Walcott). Additionally, the Company maintains a contributory defined benefit plan that covered former eligible bargaining employees of Dico, Inc (Dico). This Dico plan purchased a final annuity settlement contract in October 2002. The Company's policy is to fund pension costs as required by law, which is consistent with the funding requirements of federal laws and regulations.

The Company's defined benefit plans have been aggregated in the following table. Included in the December 31, 2009, presentation are the Titan Tire, Bryan and Walcott plans which have a projected benefit obligation of \$93.7 million, exceeding the fair value of plan assets of \$68.6 million at December 31, 2009. Included in the December 31, 2008, presentation are the Titan Tire, Bryan and Walcott plans which have a projected benefit obligation of \$90.5 million, exceeding the fair value of plan assets of \$61.3 million at December 31, 2008.

The projected benefit obligation and the accumulated benefit obligation are the same amount since the Plans are frozen and there are no future compensation levels to factor into the obligations. The Company absolved itself from the liabilities associated with the Dico plan with the purchase of a final annuity settlement contract in October 2002. Therefore, the plan no longer maintains a projected or accumulated benefit obligation. The fair value of the Dico plan assets was \$0.5 million at December 31, 2009, 2008 and 2007.

The following table provides the change in benefit obligation, change in plan assets, funded status and amounts recognized in the consolidated balance sheet of the defined benefit pension plans as of December 31, 2009 and 2008 (amounts in thousands):

	2009	2008
<b>Change in benefit obligation:</b>		
Benefit obligation at beginning of year	\$ 90,545	\$ 95,362
Interest cost	5,456	5,295
Actuarial (gain) loss	4,657	(3,507)
Benefits paid	(6,950)	(6,605)
Benefit obligation at end of year	<u>\$ 93,708</u>	<u>\$ 90,545</u>
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of year	\$ 61,796	\$ 94,499
Actual return on plan assets	14,145	(26,323)
Employer contributions	169	225
Benefits paid	(6,950)	(6,605)
Fair value of plan assets at end of year	<u>\$ 69,160</u>	<u>\$ 61,796</u>
<b>Unfunded status at end of year</b>	<u>\$ (24,548)</u>	<u>\$ (28,749)</u>
<b>Amounts recognized in consolidated balance sheet:</b>		
Noncurrent assets	\$ 543	\$ 542
Noncurrent liabilities	(25,091)	(29,291)
Net amount recognized in the consolidated balance sheet	<u>\$ (24,548)</u>	<u>\$ (28,749)</u>

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**Amounts recognized in accumulated other comprehensive loss:**

	<u>2009</u>	<u>2008</u>
Unrecognized prior service cost	\$ (1,301)	\$ (1,438)
Unrecognized net loss	(44,034)	(52,886)
Deferred tax effect of unrecognized items	17,297	20,748
Net amount recognized in accumulated other comprehensive loss	<u>\$ (28,038)</u>	<u>\$ (33,576)</u>

The weighted-average assumptions used in the actuarial computation that derived the benefit obligations at December 31 were as follows:

	<u>2009</u>	<u>2008</u>
Discount rate	5.75%	6.25%
Expected long-term return on plan assets	7.50%	8.50%

The following table provides the components of net periodic pension cost for the plans, settlement cost and the assumptions used in the measurement of the Company's benefit obligation for the years ended December 31, 2009, 2008 and 2007 (amounts in thousands):

**Components of net periodic benefit cost and other amounts recognized in other comprehensive income**

Net periodic benefit cost:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest cost	\$ 5,456	\$ 5,295	\$ 4,109
Assumed return on assets	(4,939)	(7,828)	(5,561)
Amortization of unrecognized prior service cost	137	137	137
Amortization of unrecognized deferred taxes	(56)	(56)	(56)
Amortization of net unrecognized loss	4,303	1,588	1,593
Net periodic pension (income) cost	<u>\$ 4,901</u>	<u>\$ (864)</u>	<u>\$ 222</u>

The estimated net loss, prior service cost, and deferred taxes that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$3.6 million, \$0.1 million and \$(0.1) million, respectively.

The weighted-average assumptions used in the actuarial computation that derived net periodic pension cost for the years ended December 31, 2009, 2008 and 2007 were as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Discount rate	6.25%	5.75%	5.75%
Expected long-term return on plan assets	8.50%	8.50%	8.50%

**TITAN INTERNATIONAL, INC.**  
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The allocation of the fair value of plan assets was as follows:

Asset Category	Percentage of Plan Assets at December 31,		Target Allocation
	2009	2008	2010
U.S. equities (a)	61%	53%	40% - 80%
Fixed income	26%	34%	20% - 50%
Cash and cash equivalents	4%	8%	0% - 20%
International equities (a)	9%	5%	0% - 16%
	<u>100%</u>	<u>100%</u>	

(a) Total equities may not exceed 80% of total plan assets.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as:

Level 1 – Quoted prices in active markets for identical instruments;

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of the plan assets by asset categories was as follows (amounts in thousands):

	Fair Value Measurements as of December 31, 2009			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,067	\$ 3,067	\$ 0	\$ 0
Domestic common stock	28,761	28,761	0	0
Foreign common stock	2,887	2,887	0	0
Corporate bonds	4,722	4,722	0	0
Foreign bonds	275	275	0	0
U.S. government securities	1,658	1,658	0	0
Mortgaged-backed securities	97	0	97	0
Mutual funds	1,024	1,024	0	0
Common / collective trusts	26,669	0	26,669	0
Totals	<u>\$ 69,160</u>	<u>\$ 42,394</u>	<u>\$ 26,766</u>	<u>\$ 0</u>

The Company invests in a diversified portfolio consisting of an array of asset classes in an attempt to maximize returns while minimizing risk. These asset classes include U.S. equities, fixed income, cash and cash equivalents, and international equities. The investment objectives are to provide for the growth and preservation of plan assets on a long-term basis through investments in: (i) investment grade securities that provide investment returns that meet or exceed the Standard & Poor's 500 Index and (ii) investment grade fixed income securities that provide investment returns that meet or exceed the Barclays Capital Aggregate Bond Index. The U.S. equities asset category included the Company's common stock in the amount of \$1.5 million (approximately two percent of total plan assets) at both December 31, 2009 and 2008 year end.

The long-term rate of return for plan assets is determined using a weighted-average of long-term historical approximate returns on cash and cash equivalents, fixed income securities, and equity securities considering the anticipated investment allocation within the plans. The expected return on plan assets is anticipated to be 7.5% over the long-term. This rate assumes long-term historical returns of approximately 9% for equities and approximately 6% for fixed income securities using the plans' target allocation percentages. Professional investment firms, none of which are Titan employees, manage the plan assets.

Although the 2010 minimum pension funding calculations are not finalized, the Company estimates those funding requirements will be approximately \$3 million.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Projected benefit payments from the plans as of December 31, 2009, are estimated as follows (amounts in thousands):

2010	\$ 6,544
2011	6,611
2012	6,699
2013	6,878
2014	6,980
2015-2019	36,057

**401(k)**

The Company sponsors four 401(k) retirement savings plans. One plan is for the benefit of substantially all employees who are not covered by a collective bargaining arrangement. Titan provides a 25% matching contribution in the form of the Company's common stock on the first 6% of the employee's contribution in this plan. The Company issued 59,257 shares, 22,097 shares and 17,086 shares of treasury stock in connection with this 401(k) plan during 2009, 2008 and 2007, respectively. Expenses to the Company related to this common stock matching contribution were \$0.4 million, \$0.6 million and \$0.4 million for 2009, 2008 and 2007.

The other three 401(k) plans are for employees covered by collective bargaining arrangements at (i) Titan Tire Corporation; (ii) Titan Tire Corporation of Freeport; and (iii) Titan Tire Corporation of Bryan. These three plans do not include a Company matching contribution. Employees are fully vested with respect to their contributions.

**21. STOCK OPTION PLANS**

The Company accounts for stock options using ASC 718 Compensation – Stock Compensation. No stock-based compensation expense was recorded during 2009, 2008, or 2007. The Company granted no stock options during 2009, 2008 or 2007. All previously granted stock options were fully vested before January 1, 2007.

**Non-Employee Director Stock Option Plan**

The Company adopted the 1994 Non-Employee Director Stock Option Plan (the Director Plan) to provide for grants of stock options as a means of attracting and retaining qualified independent directors for the Company. There will be no additional issuance of stock options under this plan as it has expired. Options previously granted are fully vested and expire 10 years from the grant date of the option.

**2005 Equity Incentive Plan**

The Company adopted the 2005 Equity Incentive Plan to provide stock options as a means of attracting and retaining qualified independent directors and employees for the Company. A total of 1.2 million shares are available for future issuance under the equity incentive plan. The exercise price of stock options may not be less than the fair market value of the common stock on the date of the grant. The vesting and term of each option is set by the Board of Directors. In 2009, 2008 and 2007 no stock options were granted under this equity incentive plan.

Stock options outstanding and exercisable as of December 31, 2009, were as follows:

Price Range	Weighted Average Contractual Life	Options Outstanding		Options Exercisable	
		Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$ 3.63 - \$ 5.35	1.2 years	112,500	\$ 4.45	112,500	\$ 4.45
\$ 10.68 - \$13.74	5.7 years	278,036	\$ 12.20	278,036	\$ 12.20
		<u>390,536</u>	<u>\$ 9.96</u>	<u>390,536</u>	<u>\$ 9.96</u>

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following is a summary of activity in the stock option plans for 2007, 2008 and 2009:

	<b>Shares Subject to Option</b>	<b>Weighted- Average Exercise Price</b>
<b>Outstanding, January 1, 2007</b>	1,437,575	\$ 10.63
Granted	0	-(a)
Exercised	(555,663)	11.94
Canceled/Expired	<u>(7,913)</u>	10.50
<b>Outstanding, December 31, 2007</b>	873,999	9.81
Granted	0	-(a)
Exercised	(313,463)	11.29
Canceled/Expired	<u>0</u>	-
<b>Outstanding, December 31, 2008</b>	560,536	8.98
Granted	0	-(a)
Exercised	(170,000)	6.72
Canceled/Expired	<u>0</u>	-
<b>Outstanding, December 31, 2009</b>	<u>390,536</u>	\$ 9.96

(a) The Company granted no stock options during 2007, 2008 or 2009.

The total intrinsic value of stock options exercised in 2007 was \$5.2 million. Cash received from the exercise of options was \$6.6 million for 2007. There was no tax benefit realized for the tax deductions from stock options exercised for 2007.

The total intrinsic value of options exercised in 2008 was \$5.1 million. Cash received from the exercise of stock options was \$3.5 million for 2008. The tax benefit realized for the tax deductions from stock options exercised was \$4.1 million for 2008.

The total intrinsic value of options exercised in 2009 was \$0.2 million. Cash received from the exercise of stock options was \$1.1 million for 2009. There was no tax benefit realized for the tax deductions from stock options exercised for 2009.

The Company currently uses treasury shares to satisfy any stock option exercises. At December 31, 2009, the Company had 2.2 million shares of treasury stock.

## 22. LITIGATION

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**23. LEASE COMMITMENTS**

The Company leases certain buildings and equipment under operating leases. Certain lease agreements provide for renewal options, fair value purchase options, and payment of property taxes, maintenance and insurance by the Company. Total rental expense was \$2.5 million, \$2.9 million and \$3.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

At December 31, 2009, future minimum rental commitments under noncancellable operating leases with initial or remaining terms in excess of one year are as follows (amounts in thousands):

2010	\$ 1,495
2011	733
2012	64
2013	13
Thereafter	0
Total future minimum lease payments	<u>\$ 2,305</u>

**24. CONCENTRATION OF CREDIT RISK**

Net sales to Deere & Company in Titan's agricultural, earthmoving/construction and consumer markets represented 24% of the Company's consolidated revenues for the year ended December 31, 2009, 22% of the Company's consolidated revenues for the year ended December 31, 2008, and 17% of the Company's consolidated revenues for the year ended December 31, 2007. Net sales to CNH Global N.V. in Titan's three markets represented 13% of the Company's consolidated revenues for the year ended December 31, 2009, 12% of the Company's consolidated revenues for the year ended December 31, 2008, and 11% of the Company's consolidated revenues for the year ended December 31, 2007. No other customer accounted for more than 10% of Titan's net sales in 2009, 2008 or 2007.

**25. RELATED PARTY TRANSACTIONS**

The Company sells products and pays commissions to companies controlled by persons related to the chief executive officer of the Company. The related party is Mr. Fred Taylor and is Mr. Maurice Taylor's brother. The companies which Mr. Fred Taylor is associated with that do business with Titan include the following: Blackstone OTR, LLC; FBT Enterprises; OTR Wheel Engineering; and Wheel & Rim Supply, Inc. During 2009, 2008 and 2007, sales of Titan product to these companies were approximately \$1.0 million, \$6.2 million and \$5.1 million, respectively. Titan had trade receivables due from these companies of approximately \$0.1 million at December 31, 2009, and approximately \$0.2 million at December 31, 2008. On other sales referred to Titan from these manufacturing representative companies, commissions were approximately \$1.3 million, \$2.0 million and \$1.8 million during 2009, 2008 and 2007, respectively. These sales and commissions were made in the ordinary course of business and were made on terms no less favorable to Titan than comparable sales and commissions to unaffiliated third parties.

**26. SEGMENT AND GEOGRAPHICAL INFORMATION**

The Company has aggregated its operating units into reportable segments based on its three customer markets: agricultural, earthmoving/construction and consumer. These segments are based on the information used by the chief executive officer to make certain operating decisions, allocate portions of capital expenditures and assess segment performance. The accounting policies of the segments are the same as those described in Note 1, "Description of Business and Significant Accounting Policies." Segment external revenues, expenses and income from operations are determined on the basis of the results of operations of operating units of manufacturing facilities. Segment assets are generally determined on the basis of the tangible assets located at such operating units' manufacturing facilities and the intangible assets associated with the acquisitions of such operating units. However, certain operating units' goodwill and property, plant and equipment balances are carried at the corporate level.

Titan is organized primarily on the basis of products being included in three marketing segments, with each reportable segment including wheels, tires and wheel/tire assemblies.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The table below presents information about certain revenues and expenses, income (loss) from operations and segment assets used by the chief operating decision maker of the Company as of and for the years ended December 31, 2009, 2008 and 2007 (amounts in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues from external customers</b>			
Agricultural	\$ 563,528	\$ 729,895	\$ 515,642
Earthmoving/construction	144,589	281,008	277,206
Consumer	19,482	25,797	44,173
	<u>\$ 727,599</u>	<u>\$ 1,036,700</u>	<u>\$ 837,021</u>
<b>Gross profit (loss)</b>			
Agricultural	\$ 51,955	\$ 89,782	\$ 35,742
Earthmoving/construction	3,595	46,047	47,848
Consumer	1,604	3,938	3,431
Unallocated corporate	(1,189)	(53)	(2,890)
	<u>\$ 55,965</u>	<u>\$ 139,714</u>	<u>\$ 84,131</u>
<b>Income (loss) from operations</b>			
Agricultural	\$ 26,980	\$ 74,241	\$ 25,324
Earthmoving/construction	(7,999)	38,422	40,833
Consumer	(206)	3,303	2,546
Unallocated corporate	(37,669)	(42,645)	(43,865)
Consolidated income (loss) from operations	(18,894)	73,321	24,838
Interest expense	(16,246)	(15,122)	(18,710)
Noncash Titan Europe Plc charge	0	(37,698)	0
Noncash convertible debt conversion charge	0	0	(13,376)
Other income, net	3,138	2,509	3,364
Income (loss) before income taxes	<u>\$ (32,002)</u>	<u>\$ 23,010</u>	<u>\$ (3,884)</u>
<b>Capital expenditures</b>			
Agricultural	\$ 8,461	\$ 10,946	\$ 11,267
Earthmoving/construction	29,593	67,203	22,950
Consumer	254	406	1,654
Unallocated corporate	1,229	1,398	2,177
	<u>\$ 39,537</u>	<u>\$ 79,953</u>	<u>\$ 38,048</u>
<b>Depreciation &amp; amortization</b>			
Agricultural	\$ 17,531	\$ 16,004	\$ 14,255
Earthmoving/construction	12,836	10,831	10,330
Consumer	535	594	1,320
Unallocated corporate	3,394	2,939	2,715
	<u>\$ 34,296</u>	<u>\$ 30,368</u>	<u>\$ 28,620</u>
<b>Total assets</b>			
Agricultural	\$ 257,523	\$ 360,030	\$ 257,005
Earthmoving/construction	188,169	188,486	176,144
Consumer	8,305	9,401	22,515
Unallocated corporate (a)	282,466	96,865	134,831
	<u>\$ 736,463</u>	<u>\$ 654,782</u>	<u>\$ 590,495</u>

(a) Unallocated assets include cash of approximately \$229 million, \$61 million, and \$58 million at year-end 2009, 2008 and 2007, respectively.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The table below presents information by geographic area. Revenues from external customers were determined based on the location of the selling subsidiary. Geographic information as of and for the years ended December 31, 2009, 2008 and 2007 was as follows (amounts in thousands):

	<b>United States</b>	<b>Other Countries</b>	<b>Consolidated Totals</b>
<b>2009</b>			
Revenues from external customers	\$ 727,599	\$ 0	\$ 727,599
Long-lived assets	254,461	0	254,461
<b>2008</b>			
Revenues from external customers	\$ 1,036,700	\$ 0	\$ 1,036,700
Long-lived assets	260,144	0	260,144
<b>2007</b>			
Revenues from external customers	\$ 837,021	\$ 0	\$ 837,021
Long-lived assets	207,780	0	207,780

**27. SUBSEQUENT EVENTS**

**Evaluation of subsequent events**

The Company has performed an evaluation of subsequent events through February 25, 2010, which is the date the financial statements were filed with the Securities and Exchange Commission.

**Special Meeting of Stockholders (Definitive proxy filed January 29, 2010)**

A Special Meeting of Stockholders (Special Meeting) of Titan International, Inc. is to be held on March 4, 2010, at 10:00 a.m. Central Time, at the Holiday Inn, 4821 Oak Street, Quincy, IL 62305, to consider and act upon the following matters:

- 1) To approve an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of Common Stock from 60,000,000 shares to 120,000,000 shares; and
- 2) To transact such other business as may properly come before the Special Meeting or any adjournments or postponements thereof.

The Company's board of directors has fixed the "record date" to be the close of business on January 15, 2010. Only those stockholders whose names appear of record at the Company's close of business on January 15, 2010, as holders of record of the Company common stock, are entitled to receive notice of and to vote at the Special Meeting or any adjournments thereof.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**28. EARNINGS PER SHARE**

Earnings per share for 2009, 2008 and 2007, are (amounts in thousands, except share and per share data):

	Net income (loss)	Weighted- average shares	Per share amount
<b>2009</b>			
Basic and diluted loss per share (a)	\$ (24,645)	34,707,891	\$ (.71)
<b>2008</b>			
Basic earnings per share	\$ 13,337	34,409,754	\$ .39
Effect of stock options/trusts	0	428,474	
Diluted earnings per share	\$ 13,337	34,838,228	\$ .38
<b>2007</b>			
Basic and diluted loss per share (b)	\$ (7,247)	32,081,268	\$ (.23)

(a) The effect of stock options/trusts has been excluded as they were anti-dilutive. The weighted-average share amount excluded for stock options/trusts totaled 559,110 shares. The effect of convertible notes has not been included as they were anti-dilutive. The weighted-average share amount excluded for convertible notes totaled 483,481 shares.

(b) The effect of stock options has been excluded as they were anti-dilutive. The weighted-average share amount excluded for stock options totaled 555,162 shares. The effect of convertible notes has not been included as they were anti-dilutive. The weighted-average share amount excluded for convertible notes totaled 1,627,296 shares.

**29. SUPPLEMENTARY DATA – QUARTERLY FINANCIAL INFORMATION(UNAUDITED)**

(All amounts in thousands, except per share data)

Quarter ended	March 31	June 30	September 30	December 31	Year ended December 31
<b>2009</b>					
Net sales	\$ 232,604	\$ 206,983	\$ 141,496	\$ 146,516	\$ 727,599
Gross profit (loss)	30,063	29,746	(3,030)	(814)	55,965
Net income (loss)	7,041	5,910	(11,113)	(26,483) (b)	(24,645)
Per share amounts:					
Basic	.20	.17	(.32)	(.76) (b)	(.71)
Diluted	.20	.17	(.32)	(.76) (b)	(.71)
<b>2008</b>					
Net sales	\$ 253,525	\$ 269,114	\$ 255,463	\$ 258,598	\$ 1,036,700
Gross profit	32,344	41,946	37,423	28,001	139,714
Net income (loss)	8,134	13,306	10,303	(18,406) (c)	13,337
Per share amounts: (a)					
Basic	.24	.39	.30	(.53) (c)	.39
Diluted	.23	.38	.30	(.53) (c)	.38

(a) As a result of changes in outstanding share balances, year-end per share amounts do not agree to the sum of the quarters. Adjusted to reflect the five-for-four stock split that took place in 2008.

(b) Noncash goodwill impairment charge of \$11.7 million was included in the quarter ended December 31, 2009.

(c) Noncash Titan Europe Plc charge of \$24.5 million, net of tax, was included in the quarter ended December 31, 2008.

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**30. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION**

The Company's 8% senior unsecured notes and 5.625% convertible senior subordinated notes are guaranteed by each of Titan's current and future wholly owned domestic subsidiaries other than its immaterial subsidiaries (subsidiaries with total assets less than \$250,000 and total revenues less than \$250,000.) The note guarantees are full and unconditional, joint and several obligations of the guarantors. Non-guarantors consist primarily of foreign subsidiaries of the Company, which are organized outside the United States of America. The following condensed consolidating financial statements are presented using the equity method of accounting.

**Consolidating Condensed Statements of Operations**

(Amounts in thousands)

	<b>Year Ended December 31, 2009</b>				
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ 0	\$ 727,599	\$ 0	\$ 0	\$ 727,599
Cost of sales	(6)	671,640	0	0	671,634
Gross profit (loss)	6	55,959	0	0	55,965
Selling, general and administrative expenses	16,549	30,093	92	0	46,734
Research and development expenses	67	8,783	0	0	8,850
Royalty expense	0	7,573	0	0	7,573
Noncash goodwill impairment charge	0	11,702	0	0	11,702
Loss from operations	(16,610)	(2,192)	(92)	0	(18,894)
Interest expense	(16,246)	0	0	0	(16,246)
Other income	2,850	288	0	0	3,138
Loss before income taxes	(30,006)	(1,904)	(92)	0	(32,002)
Income tax provision (benefit)	(6,897)	(439)	(21)	0	(7,357)
Equity in earnings of subsidiaries	(1,536)	0	0	1,536	0
Net income (loss)	<u>\$ (24,645)</u>	<u>\$ (1,465)</u>	<u>\$ (71)</u>	<u>\$ 1,536</u>	<u>\$ (24,645)</u>

**Year Ended December 31, 2008**

(Amounts in thousands)

	<b>Year Ended December 31, 2008</b>				
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ 0	\$ 1,036,700	\$ 0	\$ 0	\$ 1,036,700
Cost of sales	(922)	897,908	0	0	896,986
Gross profit	922	138,792	0	0	139,714
Selling, general and administrative expenses	20,332	33,251	78	0	53,661
Research and development expenses	17	3,473	0	0	3,490
Royalty expense	0	9,242	0	0	9,242
Income (loss) from operations	(19,427)	92,826	(78)	0	73,321
Interest expense	(15,122)	0	0	0	(15,122)
Noncash Titan Europe Plc charge	(37,698)	0	0	0	(37,698)
Other income (expense)	832	(33)	1,710	0	2,509
Income (loss) before income taxes	(71,415)	92,793	1,632	0	23,010
Income tax provision (benefit)	(30,024)	39,011	686	0	9,673
Equity in earnings of subsidiaries	54,728	0	0	(54,728)	0
Net income	<u>\$ 13,337</u>	<u>\$ 53,782</u>	<u>\$ 946</u>	<u>\$ (54,728)</u>	<u>\$ 13,337</u>

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidating Condensed Statements of Operations**

(Amounts in thousands)

	<b>Year Ended December 31, 2007</b>				
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ 0	\$ 837,021	\$ 0	\$ 0	\$ 837,021
Cost of sales	1,905	750,985	0	0	752,890
Gross profit (loss)	(1,905)	86,036	0	0	84,131
Selling, general and administrative expenses	19,555	31,692	202	0	51,449
Research and development	17	1,672	0	0	1,689
Royalty expense	0	6,155	0	0	6,155
Income (loss) from operations	(21,477)	46,517	(202)	0	24,838
Interest expense	(18,707)	(3)	0	0	(18,710)
Intercompany interest income (expense)	11,472	(12,324)	852	0	0
Noncash convertible debt conversion charge	(13,376)	0	0	0	(13,376)
Other income (expense)	1,925	(333)	1,772	0	3,364
Income (loss) before income taxes	(40,163)	33,857	2,422	0	(3,884)
Income tax provision (benefit)	(10,423)	12,866	920	0	3,363
Equity in earnings of subsidiaries	22,493	0	0	(22,493)	0
Net income (loss)	<u>\$ (7,247)</u>	<u>\$ 20,991</u>	<u>\$ 1,502</u>	<u>\$ (22,493)</u>	<u>\$ (7,247)</u>

**Consolidating Condensed Balance Sheets**

(Amounts in thousands)

	<b>December 31, 2009</b>				
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 229,004	\$ 11	\$ 167	\$ 0	\$ 229,182
Accounts receivable	(201)	67,714	0	0	67,513
Inventories	0	110,136	0	0	110,136
Prepaid and other current assets	19,857	18,528	0	0	38,385
Total current assets	248,660	196,389	167	0	445,216
Property, plant and equipment, net	7,602	246,859	0	0	254,461
Investment in subsidiaries	10,748	0	0	(10,748)	0
Other assets	23,870	6,460	6,456	0	36,786
Total assets	<u>\$ 290,880</u>	<u>\$ 449,708</u>	<u>\$ 6,623</u>	<u>\$ (10,748)</u>	<u>\$ 736,463</u>
<b>Liabilities and Stockholders' Equity</b>					
Accounts payable	\$ 1,086	\$ 23,160	\$ 0	\$ 0	\$ 24,246
Other current liabilities	8,288	37,538	0	0	45,826
Total current liabilities	9,374	60,698	0	0	70,072
Long-term debt	366,300	0	0	0	366,300
Other long-term liabilities	5,574	32,564	0	0	38,138
Intercompany accounts	(352,321)	377,281	(24,960)	0	0
Stockholders' equity	261,953	(20,835)	31,583	(10,748)	261,953
Total liabilities and stockholders' equity	<u>\$ 290,880</u>	<u>\$ 449,708</u>	<u>\$ 6,623</u>	<u>\$ (10,748)</u>	<u>\$ 736,463</u>

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidating Condensed Balance Sheets**

(Amounts in thousands)

	<b>December 31, 2008</b>				
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 59,011	\$ 60	\$ 2,587	\$ 0	\$ 61,658
Accounts receivable	(127)	126,658	0	0	126,531
Inventories	0	147,306	0	0	147,306
Prepaid and other current assets	17,117	16,573	14	0	33,704
Total current assets	76,001	290,597	2,601	0	369,199
Property, plant and equipment, net	6,160	242,282	0	0	248,442
Investment in subsidiaries	31,474	0	0	(31,474)	0
Other assets	15,842	18,650	2,649	0	37,141
Total assets	<u>\$ 129,477</u>	<u>\$ 551,529</u>	<u>\$ 5,250</u>	<u>\$ (31,474)</u>	<u>\$ 654,782</u>
<b>Liabilities and Stockholders' Equity</b>					
Short-term debt	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 25,000
Accounts payable	3,106	62,441	0	0	65,547
Other current liabilities	10,548	34,540	1,000	0	46,088
Total current liabilities	38,654	96,981	1,000	0	136,635
Long-term debt	200,000	0	0	0	200,000
Other long-term liabilities	3,943	35,016	0	0	38,959
Intercompany accounts	(392,308)	419,738	(27,430)	0	0
Stockholders' equity	279,188	(206)	31,680	(31,474)	279,188
Total liabilities and stockholders' equity	<u>\$ 129,477</u>	<u>\$ 551,529</u>	<u>\$ 5,250</u>	<u>\$ (31,474)</u>	<u>\$ 654,782</u>

**Consolidating Condensed Statements of Cash Flows**

(Amounts in thousands)

	<b>Year Ended December 31, 2009</b>			
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Consolidated</b>
<b>Net cash provided by operating activities</b>	<u>\$ 36,592</u>	<u>\$ 35,742</u>	<u>\$ (21)</u>	<u>\$ 72,313</u>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(2,704)	(36,833)	0	(39,537)
Acquisition of shares of Titan Europe Plc	0	0	(2,399)	(2,399)
Other, net	0	1,042	0	1,042
<b>Net cash used for investing activities</b>	<u>(2,704)</u>	<u>(35,791)</u>	<u>(2,399)</u>	<u>(40,894)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	172,500	0	0	172,500
Repurchase of senior notes	(4,726)	0	0	(4,726)
Payment on debt	(25,000)	0	0	(25,000)
Proceeds from exercise of stock options	1,142	0	0	1,142
Payment of financing fees	(7,107)	0	0	(7,107)
Other, net	(704)	0	0	(704)
<b>Net cash provided by financing activities</b>	<u>136,105</u>	<u>0</u>	<u>0</u>	<u>136,105</u>
Net increase (decrease) in cash and cash equivalents	169,993	(49)	(2,420)	167,524
Cash and cash equivalents, beginning of period	59,011	60	2,587	61,658
Cash and cash equivalents, end of period	<u>\$ 229,004</u>	<u>\$ 11</u>	<u>\$ 167</u>	<u>\$ 229,182</u>

**TITAN INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidating Condensed Statements of Cash Flows**

(Amounts in thousands)

	<b>Year Ended December 31, 2008</b>			
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Consolidated</b>
<b>Net cash provided by (used for) operating activities</b>	\$ (25,759)	\$ 75,319	\$ 1,610	\$ 51,170
<b>Cash flows from investing activities:</b>				
Capital expenditures	(4,534)	(75,419)	0	(79,953)
Other, net	7	97	0	104
<b>Net cash used for investing activities</b>	<b>(4,527)</b>	<b>(75,322)</b>	<b>0</b>	<b>(79,849)</b>
<b>Cash flows from financing activities:</b>				
Proceeds on revolving credit facility	25,000	0	0	25,000
Proceeds from exercise of stock options	3,536	0	0	3,536
Excess tax benefit from stock options exercised	4,131	0	0	4,131
Other, net	(655)	0	0	(655)
<b>Net cash provided by financing activities</b>	<b>32,012</b>	<b>0</b>	<b>0</b>	<b>32,012</b>
Net increase (decrease) in cash and cash equivalents	1,726	(3)	1,610	3,333
Cash and cash equivalents, beginning of year	57,285	63	977	58,325
Cash and cash equivalents, end of year	<u>\$ 59,011</u>	<u>\$ 60</u>	<u>\$ 2,587</u>	<u>\$ 61,658</u>

**Year Ended December 31, 2007**

(Amounts in thousands)

	<b>Year Ended December 31, 2007</b>			
	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Consolidated</b>
<b>Net cash provided by operating activities</b>	\$ 38,364	\$ 36,775	\$ 854	\$ 75,993
<b>Cash flows from investing activities:</b>				
Capital expenditures	(1,402)	(36,646)	0	(38,048)
Acquisition off-the-road (OTR) assets	(8,900)	0	0	(8,900)
Asset disposals	3	529	0	532
<b>Net cash used for investing activities</b>	<b>(10,299)</b>	<b>(36,117)</b>	<b>0</b>	<b>(46,416)</b>
<b>Cash flows from financing activities:</b>				
Payment of debt	(9,500)	(664)	0	(10,164)
Proceeds from exercise of stock options	6,631	0	0	6,631
Other, net	(1,131)	0	0	(1,131)
<b>Net cash used for financing activities</b>	<b>(4,000)</b>	<b>(664)</b>	<b>0</b>	<b>(4,664)</b>
Net increase (decrease) in cash and cash equivalents	24,065	(6)	854	24,913
Cash and cash equivalents, beginning of year	33,220	69	123	33,412
Cash and cash equivalents, end of year	<u>\$ 57,285</u>	<u>\$ 63</u>	<u>\$ 977</u>	<u>\$ 58,325</u>

TITAN INTERNATIONAL, INC.

SCHEDULE II – VALUATION RESERVES

Description	Balance at beginning of year	Additions to costs and expenses	Deductions	Balance at end of year
<b>Year ended December 31, 2009</b>				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	\$ 6,639,000	\$ 1,248,000	\$ (3,929,000)	\$ 3,958,000
<b>Year ended December 31, 2008</b>				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	\$ 5,258,000	\$ 1,489,000	\$ (108,000)	\$ 6,639,000
<b>Year ended December 31, 2007</b>				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	\$ 4,818,000	\$ 461,000	\$ (21,000)	\$ 5,258,000

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**AMENDED AND RESTATED**

**CREDIT AGREEMENT**

**dated as of January 30, 2009**

**among**

**TITAN INTERNATIONAL, INC.,  
as the Company**

**THE FINANCIAL INSTITUTIONS PARTY HERETO,  
as Lenders,**

**BANK OF AMERICA, N.A.,  
as Administrative Agent,  
and  
Issuing Lender,**

**WELLS FARGO BANK, N.A.,  
as Syndication Agent,**

**THE PRIVATEBANK AND TRUST COMPANY,  
as Documentation Agent**

**and**

**BANC OF AMERICA SECURITIES, LLC  
as Lead Arranger**

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EXHIBIT B	Form of Compliance Certificate (Section 10.1.3)
EXHIBIT C	Form of Borrowing Base Certificate (Section 1.1)
EXHIBIT D	Form of Assignment Agreement (Section 15.6.1)
EXHIBIT E	Form of Notice of Borrowing (Section 2.2.2)
EXHIBIT F	Form of Notice of Conversion/Continuation (Section 2.2.3)

AMENDED AND RESTATED  
CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (the "Agreement") dated as of January 30, 2009 is entered into among TITAN INTERNATIONAL, INC. (the "Company"), the financial institutions that are or may from time to time become parties hereto (together with their respective successors and assigns, the "Lenders") and BANK OF AMERICA, N.A. (as successor by merger to LaSalle Bank National Association) (in its individual capacity, "Bank of America" and as administrative agent for the Lenders, "Administrative Agent").

WITNESSETH:

WHEREAS, the Company, LaSalle Bank National Association ("LaSalle"), General Electric Capital Corporation ("GE Capital") as co-agents and certain financial institutions (the "Existing Lenders") entered into a certain Credit Agreement dated on or about July 23, 2004, as amended (as in effect prior to giving effect to this Agreement, the "Existing Credit Agreement") and the Loan Documents (as defined in the Existing Credit Agreement, the "Existing Loan Documents") pursuant to which the Existing Lenders made available to the Company revolving loans (the "Existing Revolving Loans");

WHEREAS, the Company, the Existing Lenders and LaSalle subsequently entered into five (5) amendments to the Existing Credit Agreement whereby various terms and conditions of the Existing Credit Agreement were amended and revised including, *inter alia*, removing GE Capital as co-agent and increasing the Revolving Commitment from \$100,000,000 to \$250,000,000 (collectively, the "Existing Credit Agreement Amendments");

WHEREAS, in order to secure all Obligations (as hereinafter defined) under and as defined in the Existing Credit Agreement, the Company and certain of its Subsidiaries have pledged and have granted to Administrative Agent, for the benefit of the Administrative Agent and the Lenders, a security interest in and lien upon certain of their personal and real property as described in the Existing Loan Documents (the "Existing Collateral");

WHEREAS, the Company, the Administrative Agent and the Existing Lenders (other than those set forth on Annex C) now desire to amend and restate the Existing Credit Agreement in its entirety so as to (i) set forth in one document all of the terms and conditions of the Existing Credit Agreement as modified by the Existing Credit Agreement Amendments, and (ii) make some additional and further modifications thereto, including, but not limited to, providing for an accordion feature to the Revolving Commitment with a minimum amount of \$150,000,000 and a

maximum amount of \$250,000,000, to be increased in \$50,000,000 increments, as provided herein; and

WHEREAS, Loan Parties, Lenders and Administrative Agent intend that (i) the Obligations under and as defined in the Existing Credit Agreement shall continue to exist under, and to be evidenced by, this Agreement, (ii) the Existing Revolving Loans shall be Loans under and as defined in this Agreement, and (iii) the Existing Collateral shall continue to secure the Obligations (as hereinafter defined).

NOW, THEREFORE, in consideration of the mutual covenants and obligations set out herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company, the Lenders and Administrative Agent agree that the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

#### SECTION 1 DEFINITIONS.

1.1 Definitions. When used herein the following terms shall have the following meanings:

Account Debtor is defined in the Guaranty and Collateral Agreement.

Account or Accounts is defined in the UCC.

Accumulated Net Income means, as of any date of determination, the accumulated total (but not less than zero) of the Company's Consolidated Net Income for the period from January 1, 2008 to the end of the most recently completed fiscal year of the Company for which the financial statements described in Section 10.1.1 have been delivered, treating such period as a single accounting period.

Acquisition means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of in excess of 50% of the Capital Securities of any Person, or otherwise causing any Person to become a Subsidiary or (c) a merger or consolidation or any other combination with another Person (other than a Person that is already a Subsidiary).

Adjusted Borrowing Base means the Borrowing Base less that portion thereof attributable to the Orderly Liquidation Value of Equipment.

Administrative Agent means Bank of America, as successor by merger to LaSalle, in its capacity as administrative agent for the Lenders hereunder and any successor thereto in such capacity.

Affected Loan - see Section 8.3.

Affiliate of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any officer or director of such Person and (c) with respect to any Lender, any entity administered or managed by such Lender or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, neither the Administrative Agent nor any Lender shall be deemed an Affiliate of any Loan Party.

Agreement - see the Preamble.

Applicable Margin means, for any day, the rate per annum equal to: (i) for LIBOR Loans, the LIBOR Margin and (ii) for Base Rate Loans, the Base Rate Margin.

Asset Disposition means the sale, lease, assignment or other transfer for value (each, a "Disposition") by any Loan Party to any Person (other than a Loan Party) of any asset or right of such Loan Party (including, the loss, destruction or damage of any thereof or any actual or threatened (in writing to any Loan Party) condemnation, confiscation, requisition, seizure or taking thereof) other than (a) the Disposition of any asset which is to be replaced, and is in fact replaced, within 180 days with other like assets, and (b) the sale or lease of Inventory in the ordinary course of business.

Assignee - see Section 15.6.1.

Assignment Agreement - see Section 15.6.1.

Attorney Costs means, with respect to any Person, all reasonable fees and charges of any counsel to such Person, the reasonable allocable cost of internal legal services of such Person, all reasonable disbursements of such internal counsel and all court costs and similar legal expenses.

Available Amount means, on any date of determination (a) the sum of (i) \$50,000,000 plus (ii) fifty percent (50%) of Accumulated Net Income on such date minus (b) the sum of (i) all Permitted Redemptions made on or after January 1, 2008 plus (ii) all Permitted Minority Investments made on or after January 1, 2008.

Availability Percentage means the numerical percentage equivalent of the fraction, the numerator of which is the Revolving Outstandings and the denominator of which is the Adjusted Borrowing Base based upon, and determined as of the date of, the most recent Borrowing Base

Certificate furnished by the Company to the Administrative Agent from time to time and as of the date of any request by Company for a Revolving Loan.

Bank of America – see the Preamble.

Bank Product Agreements means those certain cash management service agreements entered into from time to time between any Loan Party and a Lender or its Affiliates in connection with any of the Bank Products.

Bank Product Obligations means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by the Loan Parties to any Lender or its Affiliates pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that a Loan Party is obligated to reimburse to the Administrative Agent or any Lender as a result of the Administrative Agent or such Lender purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to the Loan Parties pursuant to the Bank Product Agreements.

Bank Products means any service or facility extended to any Loan Party by any Lender or its Affiliates including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH Transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) Hedging Agreements.

Base Rate means, for any day, a rate per annum equal to the sum of (a) the highest of (i) the Federal Funds Rate plus 0.50%, (ii) the Prime Rate; and (iii) except during a LIBOR Unavailability Period, the LIBOR Rate plus 2.00%, plus (b) the Market Disruption Spread, if any.

Base Rate Loan means any Loan which bears interest at or by reference to the Base Rate.

Base Rate Margin means the rate per annum in effect and subject to adjustment from time to time as set forth in the Pricing Grid.

Borrowing Base means an amount equal to the total of (a) 75% of the book value of all Eligible Accounts plus (b) 50% of the book value of all Eligible Inventory plus (c) 80% of the Orderly Liquidation Value of Equipment. Upon the request of the Company and the receipt by Lenders of acceptable field exams, Lenders may, in their sole discretion, increase such advance rates.

Borrowing Base Certificate means a certificate substantially in the form of Exhibit C.

Brownsville Facility means that facility currently owned and occupied by Titan Tire Corporation of Texas as its principal place of business, located at 6700 Paredes Line Road, Brownsville, Texas.

Bryan Facility means that facility currently owned and occupied by Titan Tire Corporation of Bryan as its principal place of business located at 927 South Union Street, Bryan, Ohio.

BSA - see Section 10.4.

Business Day means any day on which Bank of America is open for commercial banking business in Chicago, Illinois and, in the case of a Business Day which relates to a LIBOR Loan or the LIBOR Rate, on which dealings are carried on in the London interbank eurodollar market.

Capital Expenditures means all expenditures which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of the Company, including expenditures in respect of Capital Leases, but excluding expenditures made in connection with (a) the Giant OTR Project and (b) the replacement, substitution or restoration of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

Capital Lease means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

Capital Securities means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued or acquired after the Restatement Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership, interests in a Trust, interests in other unincorporated organizations or any other equivalent of such ownership interest.

Cash Collateralize means to deliver one hundred five percent (105%) of the L/C Obligations from time to time outstanding to the Administrative Agent, to be held as cash collateral for the L/C Obligations, pursuant to documentation satisfactory to the Administrative Agent. Derivatives of such term have corresponding meanings.

Change of Control means any of the following: (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 30% or more

of the issued and outstanding shares of Capital Securities of the Company have the right to vote for the election of directors of the Company under ordinary circumstances; (b) during any period of twelve (12) consecutive calendar months, individuals who at the beginning of such period constituted the board of directors of the Company (together with any new directors whose election by the board of directors of the Company or whose nomination for election by the stockholders of the Company was approved by a vote of a least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose elections or nomination for election was previously so approved) cease for any reason other than retirement, death or disability to constitute a majority of the directors then in office, or (c) the Company shall cease to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding Capital Securities of any Domestic Subsidiary.

Closing Date means the closing date under the Existing Credit Agreement, which was July 23, 2004.

Code means the Internal Revenue Code, as amended.

Collateral Access Agreement means an agreement in form and substance reasonably satisfactory to the Administrative Agent pursuant to which a mortgagee or lessor of real property on which collateral is stored or otherwise located, or a warehouseman, processor or other bailee of Inventory or other property owned by any Loan Party, acknowledges the Liens of the Administrative Agent and waives any Liens held by such Person on such property, and, in the case of any such agreement with a mortgagee or lessor, permits the Administrative Agent reasonable access to and use of such real property following the occurrence and during the continuance of an Event of Default to assemble, complete and sell any collateral stored or otherwise located thereon.

Collateral Documents means, collectively, the Guaranty and Collateral Agreement, each Mortgage, each Collateral Access Agreement, each Perfection Certificate, each control agreement and any other agreement or instrument pursuant to which the Company, any Subsidiary or any other Person grants or purports to grant collateral to the Administrative Agent for the benefit of the Lenders or otherwise relates to such collateral.

Commitment means, as to any Lender, such Lender's commitment to make Loans and to issue or participate in Letters of Credit, under this Agreement. The amount of each Lender's Commitment to make Loans is set forth on Annex A attached hereto as may be amended, if at all, and attached hereto from time to time.

Common Stock means the existing class of common stock of the Company.

Company - see the Preamble.

Compliance Certificate means a Compliance Certificate in substantially the form of Exhibit B.

Computation Period means each period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter.

Consolidated Net Income means, with respect to the Company for any period, as computed on a consolidated basis, the net income (or loss) of the Loan Parties for such period excluding any gains or losses from Asset Dispositions, any extraordinary gains or losses and any gains or losses from discontinued operations.

Contingent Liability means, with respect to any Person, each obligation and liability of such Person and all such obligations and liabilities of such Person incurred pursuant to any agreement, undertaking or arrangement by which such Person: (a) guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, dividend, obligation or other liability of any other Person in any manner (other than by endorsement of instruments in the course of collection), including any indebtedness, dividend or other obligation which may be issued or incurred at some future time; (b) guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person; (c) undertakes or agrees (whether contingently or otherwise): (i) to purchase, repurchase, or otherwise acquire any indebtedness, obligation or liability of any other Person or any property or assets constituting security therefor, (ii) to advance or provide funds for the payment or discharge of any indebtedness, obligation or liability of any other Person (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, working capital or other financial condition of any other Person, or (iii) to make payment to any other Person other than for value received; (d) agrees to lease property or to purchase securities, property or services from such other Person with the purpose or intent of assuring the owner of such indebtedness or obligation of the ability of such other Person to make payment of the indebtedness or obligation; (e) to induce the issuance of, or in connection with the issuance of, any letter of credit for the benefit of such other Person; or (f) undertakes or agrees otherwise to assure a creditor against loss. The amount of any Contingent Liability shall (subject to any limitation set forth herein) be deemed to be the outstanding principal amount (or maximum permitted principal amount, if larger) of the indebtedness, obligation or other liability guaranteed or supported thereby.

Controlled Group means all members of a controlled group of corporations, all members of a controlled group of trades or businesses (whether or not incorporated) under common control and all members of an affiliated service group which, together with the Company or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

Debt of any Loan Party means, without duplication, (a) all indebtedness of such Loan Party, (b) all borrowed money of such Loan Party, whether or not evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Loan Party as lessee under Capital Leases which have been or should be recorded as liabilities on a balance sheet of such Loan Party in accordance with GAAP, (d) all obligations of such Loan Party to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (e) all indebtedness secured by a Lien on the property of such Loan Party, whether or not such indebtedness shall have been assumed by such Loan Party; provided that if such Loan Party has not assumed or otherwise become liable for such indebtedness, such indebtedness shall be measured at the fair market value of such property securing such indebtedness at the time of determination, (f) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Loan Party (including the Letters of Credit), (g) all Hedging Obligations of such Loan Party, (h) all Contingent Liabilities of such Loan Party and (i) all Debt of any partnership of which such Loan Party is a general partner.

Default means any event that, if it continues uncured, will, with lapse of time or notice or both, constitute an Event of Default.

Defaulting Lender means any Lender that (a) has failed to fund any portion of the Loans or participations in L/C Obligations required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder unless such failure has been cured, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute or unless such failure has been cured, or (c) has been deemed insolvent by the Administrative Agent which shall immediately notify the Company upon making such determination, or become the subject of a bankruptcy or insolvency proceeding.

Designated Proceeds - see Section 6.2.2(a).

Domestic Subsidiaries means any Subsidiary of the Company (excluding any Immaterial Subsidiary) organized under the laws of the United States or any state thereof, including, but not limited to, Titan Tire Corporation, an Illinois corporation, Titan Tire Corporation of Freeport, an Illinois corporation, Titan Tire Corporation of Bryan, an Ohio corporation, Titan Wheel Corporation of Illinois, an Illinois corporation and Titan Wheel Corporation of Virginia, a Virginia corporation.

Dollar and the sign "\$" mean lawful money of the United States of America.

EBIT means, for any period, Consolidated Net Income for such period plus all amounts deducted in arriving at such Consolidated Net Income amount for such period for Interest Expense and for foreign, federal, state and local income tax expense.

EBITDA means, for any period, Consolidated Net Income for such period plus, to the extent deducted in determining such Consolidated Net Income, Interest Expense, federal, state and local income tax expense, depreciation and amortization for such period.

Eligible Account means an Account owing to the Company or any Domestic Subsidiary which meets each of the following requirements:

- (a) it arises from the sale or lease of goods or the rendering of services which have been fully performed by the Company or the applicable Domestic Subsidiary;
- (b) it (i) is, subject to a perfected, first priority Lien in favor of the Administrative Agent and (ii) is not subject to any other assignment, claim or Lien;
- (c) it is a valid, legally enforceable and unconditional obligation of the Account Debtor with respect thereto, and is not subject to the fulfillment of any condition whatsoever or any counterclaim, set off, or adjustment by the Account Debtor outside of the ordinary course of business with respect thereto;
- (d) there is no bankruptcy, insolvency or liquidation proceeding pending by or against the Account Debtor with respect thereto;
- (e) the Account Debtor (except for Titan Europe and its wholly-owned subsidiaries) with respect thereto is a resident or citizen of, and is located within, the United States, unless the sale of goods or services giving rise to such Account is on letter of credit, banker's acceptance or other credit terms reasonably satisfactory to the Administrative Agent;
- (f) it arises in the ordinary course of business of the Company or the applicable Domestic Subsidiary;
- (g) if the Account Debtor is the United States or any department, agency or instrumentality thereof, the Company or the applicable Domestic Subsidiary has assigned its right to payment of such Account to the Administrative Agent pursuant to the Assignment of Claims Act of 1940 (but which Assignment shall not be filed by the Administrative Agent except upon the occurrence of an Event of Default);
- (h) if the Account is evidenced by chattel paper or an instrument, the originals of such chattel paper or instrument shall have been endorsed and/or assigned and delivered to the Administrative Agent or, in the future case of electronic chattel paper, shall be in the control of the Administrative Agent, in each case in a manner satisfactory to the Administrative Agent;

(i) the Account Debtor with respect thereto is not the Company or an Affiliate (except for Titan Europe and its wholly-owned subsidiaries) of the Company; and

(j) all of the applicable representations and warranties with respect to such Account that are contained in any of the Loan Documents remain true and correct.

An Account which is at any time an Eligible Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account.

Eligible Inventory means Inventory of the Company or any Domestic Subsidiary which meets each of the following requirements:

(a) it (i) is subject to a perfected, first priority Lien in favor of the Administrative Agent and (ii) is not subject to any other assignment, claim or Lien;

(b) it is salable and not obsolete or discontinued;

(c) it is not Inventory produced in violation of the Fair Labor Standards Act and subject to the “hot goods” provisions contained in Title 29 U.S.C. §215;

(d) it is not subject to any agreement or license which would restrict the Administrative Agent’s ability to sell or otherwise dispose of such Inventory;

(e) it is located in the United States or in any territory or possession of the United States that has adopted Article 9 of the Uniform Commercial Code;

(f) it does not materially breach any of the representations, warranties or covenants pertaining to Inventory set forth in the Loan Documents; and

(g) it has a value not in excess of \$30,000,000 in the aggregate if it is stored outside of the Mortgaged Real Property, the Freeport Facility, the Bryan Facility, the Brownsville Facility and the Virginia Facility.

Inventory which is at any time Eligible Inventory but which subsequently fails to meet any of the foregoing requirements shall forthwith cease to be Eligible Inventory.

Environmental Claims means all claims, however asserted, by any governmental, regulatory or judicial authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

Environmental Laws means all present or future federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative or judicial orders, consent agreements, directed duties, requests, licenses, authorizations and

permits of, and agreements with, any governmental authority, in each case relating to any matter arising out of or relating to public health and safety, or pollution or protection of the environment or workplace, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, emission, release, threatened release, control or cleanup of any Hazardous Substance.

Equipment shall mean all machinery and equipment now owned or hereafter acquired by an Obligor and located at the principal place of business of an Obligor, including all such Obligor's processing equipment, conveyors, machine tools and all engineering, processing and manufacturing equipment, office machinery, furniture, tools, attachments, accessories, molds, dies, stamps, and other machinery and equipment, but not including any motor vehicles or other titled assets.

ERISA means the Employee Retirement Income Security Act of 1974.

Escrow Agent means Attorney's Title Guaranty Fund, Inc.

Escrow Agreement means that certain Escrow Agreement dated as of August 31, 2005, as amended, among the Administrative Agent, the Loan Parties and the Escrow Agent.

Event of Default means any of the events described in Section 13.1.

Excluded Taxes means taxes based upon, or measured by, the Lender's or the Administrative Agent's (or a branch of the Lender's or the Administrative Agent's) overall net income, overall net receipts, or overall net profits (including franchise taxes imposed in lieu of such taxes), but only to the extent such taxes are imposed by a taxing authority (a) in a jurisdiction in which such Lender or the Administrative Agent is organized, (b) in a jurisdiction which the Lender's or the Administrative Agent's principal office is located, or (c) in a jurisdiction in which such Lender's or the Administrative Agent's lending office (or branch) in respect of which payments under this Agreement are made is located.

Existing Credit Agreement - see the Preamble.

Existing Lenders - see the Preamble.

Existing Loan Documents - see the Preamble.

Existing Revolving Loans - see the Preamble.

Federal Funds Rate means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a

Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent. The Administrative Agent's determination of such rate shall be binding and conclusive absent manifest error.

Fee Letter means the fee letter dated November 25, 2008 between the Administrative Agent and the Company.

Fiscal Quarter means a fiscal quarter of a Fiscal Year.

Fiscal Year means the fiscal year of the Company and its Subsidiaries, which period shall be the 12-month period ending on December 31<sup>st</sup> of each year. References to a Fiscal Year with a number corresponding to any calendar year (e.g., "Fiscal Year 2004") refer to the Fiscal Year ending on December 31<sup>st</sup> of such calendar year.

Fixed Charge Coverage Ratio means commencing January 1, 2004, for any Computation Period, the ratio of (a) the total for such period of EBITDA of the Obligors minus the sum of income taxes paid in cash by the Obligors and all unfinanced Capital Expenditures of the Obligors to (b) the sum for such period of (i) cash Interest Expense of the Obligors plus (ii) required payments of principal of Funded Debt of the Obligors (excluding the Revolving Loans) during such period.

Foreign Affiliate Loans means the loans made by Titan Luxembourg S.A.R.L. and Titan International Luxembourg S.A.R.L. to the Company in an aggregate principal amount not to exceed \$50,000,000.

Foreign Subsidiary means any Subsidiaries organized under the laws of a jurisdiction outside of the United States of America.

Freeport Facility means that facility currently owned and occupied by Titan Tire Corporation of Freeport as its principal place of business located at 3769 Route 20 East, Freeport, Illinois.

FRB means the Board of Governors of the Federal Reserve System or any successor thereto.

Funded Debt means, as to any Loan Party, all Debt of such Loan Party that matures more than one year from the date of its creation (or is renewable or extendible, at the option of such Person, to a date more than one year from such date).

GAAP means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) and the SEC, which are applicable to the circumstances as of the date of determination; provided, that the Company may, upon not less than sixty (60) days prior written notice to the Administrative Agent, make a one-time election to switch to IFRS, if permitted to do so by the SEC in its filings with the SEC; and following such election, “GAAP” shall mean IFRS; provided further, however, that (a) such notice of its change to IFRS shall be accompanied by a description in reasonable detail of any material variation between the application of accounting principles under GAAP and the application of accounting principles under IFRS in calculating the financial covenants under Section 11.14 hereof and the reasonable estimates of the difference between such calculations arising as a consequence thereof, and (b) if such change is deemed by the Administrative Agent to be material, such change shall not be effective for purposes of calculating the financial covenants hereunder until the Company and the Required Lenders have agreed upon amendments to the financial covenants contained herein to reflect any change in such basis. After such election, the Company cannot subsequently elect to report under U.S. generally accepted accounting principles.

GE Capital - see the Preamble.

Giant OTR Project means the building and equipment expenditures for the Bryan Facility used for the production of 57-inch and 63-inch giant radial tires.

Group - see Section 2.2.1.

Guaranty and Collateral Agreement means the Guaranty and Collateral Agreement dated as of the Closing Date executed and delivered by the Loan Parties, together with any joinders and/or amendments thereto or reaffirmations thereof (including the Reaffirmation Agreement) and any other guaranty and collateral agreement executed by a Loan Party, in each case in form and substance satisfactory to the Administrative Agent.

Hazardous Substances means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, dielectric fluid containing levels of polychlorinated biphenyls, radon gas and mold; (b) any chemicals, materials, pollutant or substances defined as or included in the definition of “hazardous substances”, “hazardous waste”, “hazardous materials”, “extremely hazardous substances”, “restricted hazardous waste”, “toxic substances”, “toxic pollutants”, “contaminants”, “pollutants” or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, the exposure to, or release of which is prohibited, limited or regulated by any governmental authority or for which any duty or standard of care is imposed pursuant to, any Environmental Law.

Hedging Agreement means any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

Hedging Obligation means, with respect to any Person, any liability of such Person under any Hedging Agreement. The amount of any Person's obligation in respect of any Hedging Obligation shall be deemed to be the incremental obligation that would be reflected in the financial statements of such Person in accordance with GAAP.

IFRS means the International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board, as in effect from time to time.

Immaterial Subsidiary means any Domestic Subsidiary that as of the most recently ended fiscal quarter has gross assets (excluding, in the case of Titan Tire Corporation of Texas, the Brownsville Facility) of less than \$10,000,000. As of the Restatement Date, the only Immaterial Subsidiaries are listed on Schedule 1.1.

Increase Effective Date - see Section 2.1.2(d).

Indemnified Liabilities - see Section 15.17.

Interest Expense means for any period the consolidated interest expense of the Company and its Subsidiaries for such period (including all imputed interest on Capital Leases).

Interest Period means, as to any LIBOR Loan, the period commencing on the date such Loan is borrowed or continued as, or converted into, a LIBOR Loan and ending on the date one, two or three months thereafter as selected by the Company pursuant to Section 2.2.2 or 2.2.3, as the case may be; provided that:

- (a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;
- (b) any Interest Period that begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period; and
- (c) the Company may not select any Interest Period for a Revolving Loan which would extend beyond the scheduled Termination Date.

Inventory is defined in the Guaranty and Collateral Agreement.

Investment means, with respect to any Person, any investment in another Person, whether by acquisition of any debt or Capital Security, by making any loan or advance, by becoming obligated with respect to a Contingent Liability in respect of obligations of such other Person (other than travel and similar advances to employees in the ordinary course of business) or by making an Acquisition.

ISP means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

Issuer Documents means with respect to any Letter of Credit, the L/C Application, and any other document, agreement and instrument entered into by the Issuing Lender and the Company (or any Subsidiary) or in favor of the Issuing Lender and relating to such Letter of Credit.

Issuing Lender means Bank of America, in its capacity as the issuer of Letters of Credit hereunder, or any Affiliate of Bank of America that may from time to time issue Letters of Credit, and their successors and assigns in such capacity, and includes Bank of America, as successor by merger to LaSalle, with respect to the Existing Letters of Credit.

LaSalle - see the Preamble.

L/C Application means, with respect to any request for the issuance of a Letter of Credit, a letter of credit application in the form being used by the Issuing Lender at the time of such request for the type of letter of credit requested.

L/C Fee Rate means the rate per annum in effect and subject to adjustment from time to time as set forth in the Pricing Grid.

L/C Obligations means, as of any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all unreimbursed payments and disbursements under such Letters of Credit. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 2.4. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

Lender - see the Preamble. References to the “Lenders” shall include the Issuing Lender; for purposes of clarification only, to the extent that Bank of America (or any successor Issuing Lender) may have any rights or obligations in addition to those of the other Lenders due to its

status as Issuing Lender, its status as such will be specifically referenced. In addition to the foregoing, for the purpose of identifying the Persons entitled to share in the collateral and the proceeds thereof under, and in accordance with the provisions of, this Agreement and the Collateral Documents, the term "Lender" shall include Affiliates of a Lender providing a Bank Product.

Lender Party - see Section 15.17.

Letter of Credit - see Section 2.1.3.

Letter of Credit Expiration Date means the day that is seven days prior to the Termination Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

LIBOR Loan means any Loan which bears interest at a rate determined by reference to the LIBOR Rate and that is not a Base Rate Loan.

LIBOR Margin means the rate per annum in effect and subject to adjustment from time to time as set forth in the Pricing Grid.

LIBOR Office means with respect to any Lender the office or offices of such Lender which shall be making or maintaining the LIBOR Loans of such Lender hereunder. A LIBOR Office of any Lender may be, at the option of such Lender, either a domestic or foreign office.

LIBOR Rate means (a) for any Interest Period with respect to a LIBOR Loan, the sum of (i) the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, or if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBOR Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period plus (ii) the Market Disruption Spread, if any, at the time of determination; and (b) for any interest rate calculation with respect to a Base Rate Loan, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m., London time on the date of determination (provided that if such day is not a Business Day, the next preceding Business Day) for Dollar deposits being delivered in the London interbank market for a term of one month commencing in two Business Days or (ii) if such published rate is not available at such time for any reason, the rate determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery in two Business

Days in same day funds in the approximate amount of the Base Rate Loan being made, continued or converted by Bank of America and with a term equal to one month would be offered by Bank of America's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination. Notwithstanding the foregoing, in no event shall the LIBOR Rate be less than one and one half percent (1.50%) per annum.

LIBOR Unavailability Period means any period of time during which a notice delivered to the Company in accordance with Section 8.2(a) shall remain in force and effect.

Lien means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person (including an interest in respect of a Capital Lease) which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, title retention lien, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Loan Documents means this Agreement, the Notes, the Letters of Credit, the Letter of Credit Applications, the Issuer Documents, the Fee Letter, the Collateral Documents, the Subordination Agreements and all amendments, modifications, restatements, replacements or substitutions thereof along with all documents, instruments and agreements delivered in connection with any of the foregoing.

Loan Party means the Company, each Domestic Subsidiary and any other entity that is required to become a guarantor of the Obligations pursuant to the terms of Section 10.9.

Loan or Loans means, as the context may require, Revolving Loans.

Mandatory Prepayment Event - see Section 6.2.2(a).

Margin Stock means any "margin stock" as defined in Regulation U.

Market Disruption Spread means zero unless a notice delivered pursuant to Section 8.2(b) is in effect, in which case, such spread shall be a rate per annum equal to 1.50%.

Material Adverse Effect means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Obligors taken as a whole, (b) a material impairment of the ability of any Obligor to perform any of the Obligations under any Loan Document or (c) a material adverse effect upon any of the collateral under the Collateral Documents or upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document. Without limiting the foregoing, any event or occurrence adverse to one or more Obligors which results or could reasonably be expected to result in costs and/or liabilities and/or loss of revenues, individually or in the

aggregate, to any Obligor in any 30-day period in excess of 50% of the sum of (a) the net amount available to be drawn on the date of determination under the Revolving Credit Commitment, plus (b) the available cash and unrestricted cash equivalents of Obligors on such date, shall be deemed to have had a Material Adverse Effect.

Material Debt means any Debt with an outstanding principal amount of greater than \$25,000,000; provided that to the extent such Debt is owed to suppliers of the Loan Parties and was incurred in the ordinary course of business, such Debt shall not be deemed to be Material Debt.

Mortgage means the mortgages, deeds of trust, or similar instruments granting the Administrative Agent a Lien on real property owned by the Company in Quincy, Illinois and by Titan Tire Corporation in Des Moines, Iowa.

Mortgaged Real Property means the real property of each of the Company and Titan Tire Corporation identified in the Mortgages and located in Quincy, Illinois and Des Moines, Iowa.

Multiemployer Pension Plan means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company or any other member of the Controlled Group may have any liability.

Net Cash Proceeds means:

- (a) with respect to any Asset Disposition, the aggregate cash proceeds (including cash proceeds received pursuant to policies of insurance or by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by any Loan Party pursuant to such Asset Disposition net of (i) the direct costs relating to such sale, transfer or other disposition (including sales commissions and legal, accounting and investment banking fees), (ii) taxes paid or reasonably estimated by the Company to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (iii) amounts required to be applied to the repayment of any Debt secured by a Lien on the asset subject to such Asset Disposition (other than the Loans);
- (b) with respect to any issuance of Capital Securities, the aggregate cash proceeds received by any Loan Party pursuant to such issuance, net of the direct costs relating to such issuance (including sales and underwriters' commissions); and
- (c) with respect to any issuance of Debt, the aggregate cash proceeds received by any Loan Party pursuant to such issuance, net of the direct costs of such issuance (including up-front, underwriters' and placement fees).

Non-U.S. Participant - see Section 7.6(d).

Non-Use Fee Rate means one-half of one percent (0.50%).

Note means a promissory note substantially in the form of Exhibit A.

Notice of Borrowing - see Section 2.2.2.

Notice of Conversion/Continuation - see Section 2.2.3.

Obligors shall mean the Company, its Domestic Subsidiaries and the Immaterial Subsidiaries.

Obligations means all obligations (monetary (including post-petition interest, allowed or not) or otherwise) of any Loan Party under this Agreement and any other Loan Document including Attorney Costs and any reimbursement obligations of each Loan Party in respect of L/C Obligations and surety bonds, all Hedging Obligations permitted hereunder which are owed to any Lender, and all Bank Products Obligations, all in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

OFAC - see Section 10.4.

Orderly Liquidation Value shall mean (a) the in place orderly liquidation value, as determined by the most recent appraisal prepared for Lenders, or (b) in the case of assets not subject to such appraisals, the book value of such assets.

Outstanding Existing Revolving Loan Balance – see Section 2.1.1.

Operating Lease means any lease of (or other agreement conveying the right to use) any real or personal property by any Loan Party, as lessee, other than any Capital Lease.

PBGC means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

Participant - see Section 15.6.2.

Pension Plan means a “pension plan”, as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA or the minimum funding standards of ERISA (other than a Multiemployer Pension Plan), and as to which the Company or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

Perfection Certificate means any UCC-1 financing statement or amendment thereto, assignment, control agreement or other like instrument filed, signed or delivered to a secured creditor to perfect a Lien or security interest in personal property pledged as collateral pursuant to, and as required by, the Illinois Commercial Code or other applicable law related thereto.

Permitted Lien means a Lien expressly permitted hereunder pursuant to Section 11.2.

Permitted Minority Investments means all investments, however so held, to acquire, purchase or obtain interests of less than 50% in Persons engaged in the tire and/or wheel business made by the Obligors pursuant to Section 11.11(c).

Permitted Redemptions means all voluntary prepayments, purchases, repurchases and redemptions of the Company's Common Stock or Senior Notes made by the Company pursuant to Section 11.4(vi).

Permitted Refinancing means any renewal, extension, refunding, refinancing, replacement, defeasance or discharge of the Senior Notes or other Material Debt by the Company or any of its Subsidiaries, so long as the principal amount thereof is not increased nor the weighted average life to maturity thereof decreased.

Person means any natural person, corporation, partnership, trust, limited liability company, association, governmental authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

Pricing Grid shall mean the pricing set forth below based on the Availability Percentage:

<b>Availability Percentage</b>	<b>Base Rate Margin</b>	<b>LIBOR Margin</b>	<b>L/C Fee Rate</b>
Less than or equal to 20%	0%	2.00%	2.00%
Greater than 20% and less than or equal to 40%	0.25%	2.25%	2.25%
Greater than 40% and less than or equal to 60%	0.50%	2.50%	2.50%
Greater than 60% and less than or equal to 80%	0.75%	2.75%	2.75%
Greater than 80%	1.00%	3.00%	3.00%

Prime Rate means, for any day, the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its prime commercial rate (whether or not such rate is actually charged by the Administrative Agent), which is not intended to be the

Administrative Agent's lowest or most favorable rate of interest at any one time. Any change in the Prime Rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change; provided that the Administrative Agent shall not be obligated to give notice of any change in the Prime Rate.

Pro Rata Share means:

- (a) with respect to a Lender's obligation to make Revolving Loans, participate in L/C Obligations, reimburse the Issuing Lender, and receive payments of principal, interest, fees, costs, and expenses with respect thereto, (x) prior to the Revolving Commitment being terminated or reduced to zero, the percentage, carried out to nine decimal places, obtained by dividing (i) such Lender's Commitment, by (ii) the aggregate Revolving Commitment of all Lenders and (y) from and after the time the Revolving Commitment has been terminated or reduced to zero, the percentage, carried out to nine decimal places, obtained by dividing (i) the aggregate unpaid principal amount of such Lender's Revolving Outstandings by (ii) the aggregate unpaid principal amount of all Revolving Outstandings;
- (b) with respect to all other matters as to a particular Lender, the percentage, carried out to nine decimal places, obtained by dividing (i) such Lender's Commitment, by (ii) the aggregate amount of Revolving Commitment of all Lenders; provided that in the event the Commitments have been terminated or reduced to zero, Pro Rata Share shall be the percentage, carried out to nine decimal places, obtained by dividing (A) the principal amount of such Lender's Revolving Outstandings by (B) the principal amount of all outstanding Revolving Outstandings.

Reaffirmation Agreement means the Reaffirmation and Amendment to Guaranty and Collateral Agreement dated as of the Restatement Date by and among the Loan Parties and the Administrative Agent.

Regulation D means Regulation D of the FRB.

Regulation U means Regulation U of the FRB.

Reportable Event means a reportable event as defined in Section 4043 of ERISA and the regulations issued thereunder as to which the PBGC has not waived the notification requirement of Section 4043(a), or the failure of a Pension Plan to meet the minimum funding standards of Section 412 of the Code (without regard to whether the Pension Plan is a plan described in Section 4021(a)(2) of ERISA) or under Section 302 of ERISA.

Required Lenders means, at any time, Lenders whose Pro Rata Shares exceed 66 $\frac{2}{3}$ %; provided that the Pro Rata Share held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

Restatement Date - see Section 12.1.

Revolving Commitment means \$150,000,000, as reduced from time to time pursuant to Section 6.1 or increased from time to time pursuant to Section 2.1.2.

Revolving Loan - see Section 2.1.1.

Revolving Loan Availability means that the lesser of (i) the Revolving Commitment, and (ii) the Borrowing Base.

Revolving Loan Excess Availability means, at any time, the Revolving Loan Availability minus Revolving Outstandings.

Revolving Outstandings means, at any time, the sum of (a) the aggregate principal amount of all outstanding Revolving Loans, plus (b) the L/C Obligations.

SEC means the Securities and Exchange Commission or any other governmental authority succeeding to any of the principal functions thereof.

Senior Note Indenture means the Indenture dated as of December 28, 2006 between the Company, each of the guarantors party thereto, and U.S. Bank National Association, as trustee.

Senior Notes means the \$200,000,000 Senior Unsecured Notes due 2012 issued by the Company in 2006 pursuant to the Senior Note Indenture.

Senior Officer means, with respect to any Loan Party, any of the chief executive officer, the chief financial officer, the chief operating officer, secretary or the treasurer of such Loan Party.

Subordinated Debt means the Foreign Affiliate Loans and any other unsecured consensual Debt of the Company which has subordination terms, covenants, pricing and other terms which have been approved in writing by the Required Lenders.

Subordinated Debt Documents means all documents and instruments relating to the Subordinated Debt and all amendments and modifications thereof.

Subordination Agreements means all subordination agreements executed by a holder of Subordinated Debt in favor of the Administrative Agent and the Lenders from time to time on or after the Closing Date.

Subsidiary means, with respect to any Person, a corporation, partnership, limited liability company or other entity of which such Person owns, directly or indirectly, such number of outstanding Capital Securities as have more than 50% of the ordinary voting power for the

election of directors or other managers of such corporation, partnership, limited liability company or other entity. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to Subsidiaries of the Company.

Taxes means any and all present and future taxes, duties, levies, imposts, deductions, assessments, charges or withholdings, and any and all liabilities (including interest and penalties and other additions to taxes) with respect to the foregoing, but excluding Excluded Taxes.

Terminated Lender – see Section 5.1.2.

Termination Date means the earlier to occur of (a) January 30, 2012; or (b) such other date on which the Commitment terminates pursuant to Section 6 or 13.

Termination Event means, with respect to a Pension Plan that is subject to Title IV of ERISA, (a) a material Reportable Event, (b) the withdrawal of Company or any other member of the Controlled Group from such Pension Plan during a plan year in which Company or any other member of the Controlled Group was a “substantial employer” as defined in Section 4001(a)(2) of ERISA which has a Material Adverse Effect, or was deemed such under Section 4068(f) of ERISA, (c) the termination of such Pension Plan, the filing of a notice of intent to terminate the Pension Plan or the treatment of an amendment of such Pension Plan as a termination under Section 4041 of ERISA which has a Material Adverse Effect, (d) the institution by the PBGC of proceedings to terminate such Pension Plan which has a Material Adverse Effect or (e) any event or condition that might constitute grounds under Section 4042 of ERISA for the termination of, or appointment of a trustee to administer, such Pension Plan which has a Material Adverse Effect.

Titan Europe means Titan Europe Plc, a United Kingdom company, whose principal activity is manufacturing and selling steel wheels, undercarriage components and assemblies for tracked and wheeled “off road” vehicles in the agricultural, construction, and mining industries.

Total Plan Liability means, at any time, the present value of all vested and unvested accrued benefits under all Pension Plans, determined as of the then most recent valuation date for each Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

Type - see Section 2.2.1.

UCC is defined in the Guaranty and Collateral Agreement.

Unfunded Liability means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Pension Plans exceeds the fair market value of all assets allocable to those benefits, all determined as of the then most recent valuation date for each Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

Virginia Facility means that facility currently occupied by Titan Wheel Corporation of Virginia as its principal place of business located at 227 Allison Gap Road, Saltville, Virginia.

Withholding Certificate - see Section 7.6(d).

Wholly-Owned Subsidiary means, as to any Person, a Subsidiary all of the Capital Securities of which (except directors' qualifying Capital Securities) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

1.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) Section, Annex, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The term "including" is not limiting and means "including without limitation."

(d) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(e) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement and the other Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements and other modifications thereto, but only to the extent such amendments, restatements, supplements and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.

(f) This Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and each shall be performed in accordance with its terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Company, the Lenders and the other parties thereto and are the products of all parties. Accordingly, they shall not be construed against the Administrative Agent or the Lenders merely because of the Administrative Agent's or Lenders' involvement in their preparation.

## SECTION 2 COMMITMENTS OF THE LENDERS; BORROWING, CONVERSION AND LETTER OF CREDIT PROCEDURES.

2.1 Commitments. On and subject to the terms and conditions of this Agreement, each of the Lenders, severally and for itself alone, agrees to make loans to, and to issue or participate in letters of credit for the account of, the Company as follows:

2.1.1 Revolving Commitment. Each Lender with a Revolving Commitment agrees to make loans on a revolving basis ("Revolving Loans") from time to time until the Termination Date in such Lender's Pro Rata Share of such aggregate amounts as the Company may request from all Lenders; provided that the Revolving Outstandings will not at any time exceed Revolving Loan Availability. Each of the parties hereto acknowledges and agrees that the Revolving Outstandings on the Restatement Date are equal to \$30,000,000 consisting of \$25,000,000 outstanding Revolving Loans and \$5,000,000 L/C Obligations (together, the "Outstanding Existing Revolving Loan Balance"); provided, that on the Restatement Date, the Company intends to repay all \$25,000,000 of outstanding Revolving Loans. Each of the parties hereto further acknowledges and agrees that on the Restatement Date, the obligations of the Company with respect to the "Revolving Commitment" and "Revolving Loans" under the Existing Credit Agreement shall continue as the Revolving Commitment and the Revolving Loans, respectively, hereunder. On the Restatement Date, each Revolving Lender will make a Revolving Loan in an amount equal to its Pro Rata Share of the Outstanding Existing Revolving Loan Balance with the proceeds thereof being paid on a pro rata revolving basis, to the extent necessary to properly reflect their respective Revolving Commitments, to Lenders who were Revolving Lenders under the Existing Credit Agreement and who remain Revolving Lenders on and after the Restatement Date. Within the limits and provisions of this Agreement Company may make such borrowings, repay such advances, and make additional borrowing under the Loan.

### 2.1.2 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Company may from time to time, request an increase in the Revolving Commitment by an amount (for all such requests) not exceeding \$100,000,000; provided that (i) any such request for an increase shall be in a minimum amount of \$50,000,000, and (ii) the Company may make a maximum of two such requests that are accepted by the Lenders. At the time of sending such notice, the Company (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Administrative Agent).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Revolving Commitment and, if so, whether by an amount equal to, greater than, or less than its Pro Rata Share of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Revolving Commitment.

(c) Notification by Administrative Agent: Additional Lenders. The Administrative Agent shall notify the Company and each Lender of the Lenders' responses to each request made hereunder.

(d) Effective Date and Allocations. If the Lenders by their collective responses agree to increase their Revolving Commitments by not less than the amount the Company has requested, then on the date that the Administrative Agent and the Company shall agree upon (the "Increase Effective Date") the Revolving Commitment shall be increased in accordance with the Company's request, with the final allocation of such increase among the Lenders as agreed by the Company and the Administrative Agent. The Administrative Agent shall promptly notify the Company and the Lenders of the final allocation of such increase and the Increase Effective Date. Conversely, if the Lenders do not agree, collectively, to increase their Revolving Commitments in an amount equal to or greater than the Company's request, there will be no such increase and the Administrative Agent shall so advise the Company.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Company shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in a sufficient number to provide an original for each Lender) signed by a Senior Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (ii) in the case of the Company, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Section 9 and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.1.2, the representations and warranties contained in Section 9.4 shall be deemed to refer to the most recent financial statements furnished pursuant to Section 10.1.1 or 10.1.2, and (B) no Default exists. The Company shall execute and deliver to the Lenders as of the Increase Effective Date new Notes in the amount of the increased Revolving Commitment with the Pro Rata Share for each Lender being fixed in accordance with the final allocation as determined above. Contemporaneously therewith, the Lender shall cancel and return to the Company the Notes which were previously delivered to them. Simultaneously with the Increase Effective Date, the Company shall be deemed to have borrowed under the new Notes a sum equal to the amount needed to pay off the old/prior notes (including any such due under Section 8.4 so as to reallocate

the Revolving Outstandings prior to the increase, pro rata among the Lenders in accordance with each Lender's Revolving Commitment after the increase.

(f) Conflicting Provisions. This Section shall supersede any provisions in Sections 2.3, 7.5, or 15.1 to the contrary.

2.1.3 L/C Commitment. (a) Subject to Section 2.1.3(b) and Section 2.3.1, the Issuing Lender agrees to issue letters of credit, in each case containing such terms and conditions as are permitted by this Agreement and are reasonably satisfactory to the Issuing Lender (each, a "Letter of Credit"), at the request of and for the account of the Company from time to time before the scheduled Termination Date and, as more fully set forth in Section 2.3.2, each Lender agrees to purchase a participation in each such Letter of Credit; provided that (i) the L/C Obligations shall not at any time exceed \$30,000,000, (ii) the Revolving Outstandings shall not at any time exceed Revolving Loan Availability and (iii) the Issuing Lender shall not be required to issue any Letter of Credit at any time that a Defaulting Lender exists unless and until either (a) a New Lender has replaced the Defaulting Lender in accordance with Section 15.1.2 or (b) the Company has made arrangements satisfactory to the Issuing Lender to eliminate any risk to the Issuing Lender from all Defaulting Lenders, including, without limitation, by cash collateralizing the Defaulting Lenders' Pro Rata Share of all outstanding L/C Obligations.

(b) The Issuing Lender shall not issue any Letter of Credit, if (i) the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance, unless the Required Lenders have approved such expiry date, or (ii) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

## 2.2 Loan Procedures.

2.2.1 Various Types of Loans. Each Revolving Loan shall be divided into tranches which are either a Base Rate Loan or a LIBOR Loan (each a "Type" of Loan), as the Company shall specify in the related notice of borrowing or conversion pursuant to Section 2.2.2 or 2.2.3. LIBOR Loans having the same Interest Period which expire on the same day are sometimes called a "Group" or collectively "Groups". Base Rate Loans and LIBOR Loans may be outstanding at the same time, provided that not more than eight (8) different Groups of LIBOR Loans shall be outstanding at any one time. All borrowings, conversions and repayments of Revolving Loans shall be effected so that each Lender will have a ratable share (according to its Pro Rata Share) of all Types and Groups of Loans. Notwithstanding the foregoing or any other provision of this Agreement, the Company may not select any Interest Period for a LIBOR Loan which is longer than the date or dates selected by the Administrative Agent from time to time for any syndication of the Loans.

2.2.2 Borrowing Procedures. The Company shall give written notice (each such written notice, a "Notice of Borrowing") substantially in the form of Exhibit E or telephonic

notice (followed immediately by a Notice of Borrowing) to the Administrative Agent of each proposed borrowing not later than (a) in the case of a Base Rate borrowing, 12:00 P.M., Chicago time, on the proposed date of such borrowing, and (b) in the case of a LIBOR Rate borrowing, 12:00 P.M., Chicago time, at least three Business Days prior to the proposed date of such borrowing. Each such notice shall be effective upon receipt by the Administrative Agent, shall be irrevocable, and shall specify the date, amount and Type of borrowing and, in the case of a LIBOR borrowing, the initial Interest Period therefor. Promptly upon receipt of such notice, the Administrative Agent shall advise each Lender thereof. Not later than 1:00 P.M., Chicago time, on the date of a proposed borrowing, each Lender shall provide the Administrative Agent at the office specified by the Administrative Agent with immediately available funds covering such Lender's Pro Rata Share of such borrowing and, so long as the Administrative Agent has not received written notice that the conditions precedent set forth in Section 11 with respect to such borrowing have not been satisfied, the Administrative Agent shall pay over the funds received by the Administrative Agent to the Company on the requested borrowing date. Each borrowing shall be on a Business Day. Each Base Rate borrowing shall be in an aggregate amount of at least Five Hundred Thousand and No/100 Dollars (\$500,000.00) and an integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00), and each LIBOR borrowing shall be in an aggregate amount of at least One Million and No/100 Dollars (\$1,000,000.00) and an integral multiple of at least One Hundred Thousand and No/100 Dollars (\$100,000.00).

2.2.3 Conversion and Continuation Procedures. (a) Subject to Section 2.2.1, the Company may, upon irrevocable written notice to the Administrative Agent in accordance with clause (b) below:

(A) elect, as of any Business Day, to convert any Loans (or any part thereof in an aggregate amount not less than Five Hundred Thousand and No/100 Dollars (\$500,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) into Loans of the other Type; or

(B) elect, as of the last day of the applicable Interest Period, to continue any LIBOR Loans having Interest Periods expiring on such day (or any part thereof in an aggregate amount not less than One Million and No/100 Dollars (\$1,000,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) for a new Interest Period;

provided that after giving effect to any prepayment, conversion or continuation, the aggregate principal amount of each Group of LIBOR Loans shall be at least One Million and No/100 Dollars (\$1,000,000.00) and an integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00).

(b) The Company shall give written notice (each such written notice, a "Notice of Conversion/Continuation") substantially in the form of Exhibit F or telephonic notice (followed immediately by a Notice of Conversion/Continuation) to the

Administrative Agent of each proposed conversion or continuation not later than (i) in the case of conversion into Base Rate Loans, 12:00 P.M., Chicago time, on the proposed date of such conversion and (ii) in the case of conversion into or continuation of LIBOR Loans, 12:00 P.M., Chicago time, at least three Business Days prior to the proposed date of such conversion or continuation, specifying in each case:

- (A) the proposed date of conversion or continuation;
- (B) the aggregate amount of Loans to be converted or continued;
- (C) the Type of Loans resulting from the proposed conversion or continuation; and
- (D) in the case of conversion into, or continuation of, LIBOR Loans, the duration of the requested Interest Period therefor.

(c) If upon the expiration of any Interest Period applicable to LIBOR Loans, the Company has failed to select timely a new Interest Period to be applicable to such LIBOR Loans, the Company shall be deemed to have elected to convert such LIBOR Loans into Base Rate Loans effective on the last day of such Interest Period.

(d) The Administrative Agent will promptly notify each Lender of its receipt of a notice of conversion or continuation pursuant to this [Section 2.2.3](#) or, if no timely notice is provided by the Company, of the details of any automatic conversion.

(e) Any conversion of a LIBOR Loan on a day other than the last day of an Interest Period therefor shall be subject to [Section 8.4](#).

### 2.3 Letter of Credit Procedures.

2.3.1 L/C Applications. The Company shall give notice to the Administrative Agent and the Issuing Lender of the proposed issuance of each Letter of Credit on a Business Day which is at least three Business Days (or such lesser number of days as the Administrative Agent and the Issuing Lender shall agree in any particular instance in their sole discretion) prior to the proposed date of issuance of such Letter of Credit. Each such notice shall be accompanied by an L/C Application, duly executed by the Company and in all respects satisfactory to the Administrative Agent and the Issuing Lender, together with such other documentation, including any Issuer Documents, as the Administrative Agent or the Issuing Lender may request in support thereof, it being understood that each L/C Application shall specify, among other things, the date on which the proposed Letter of Credit is to be issued, the expiration date of such Letter of Credit and if such Letter of Credit is to be transferable. Any Letter of Credit outstanding after the scheduled Termination Date which is Cash Collateralized for the benefit of the Issuing Lender shall be the sole responsibility of the Issuing Lender. So long as the Issuing Lender has

not received written notice that the conditions precedent set forth in Section 12 with respect to the issuance of such Letter of Credit have not been satisfied, the Issuing Lender shall issue such Letter of Credit on the requested issuance date. The Issuing Lender shall promptly advise the Administrative Agent of the issuance of each Letter of Credit and of any amendment thereto, extension thereof or event or circumstance changing the amount available for drawing thereunder. In the event of any inconsistency between the terms of the any L/C Application or Issuer Document and the terms of this Agreement, the terms of this Agreement shall control.

2.3.2 Participations in Letters of Credit. Concurrently with the issuance of each Letter of Credit, the Issuing Lender shall be deemed to have sold and transferred to each Lender with a Revolving Commitment, and each such Lender shall be deemed irrevocably and unconditionally to have purchased and received from the Issuing Lender, without recourse or warranty, an undivided interest and participation, to the extent of such Lender's Pro Rata Share, in such L/C Obligation. If the Company does not pay any L/C Obligation when due, the Company shall be deemed to have immediately requested that the Lenders make a Revolving Loan which is a Base Rate Loan in a principal amount equal to such L/C Obligation. The Administrative Agent shall promptly notify such Lenders of such deemed request and, without the necessity of compliance with the requirements of Section 2.2.2, 12.2 or otherwise such Lender shall make available to the Administrative Agent its Pro Rata Share of such Loan. The proceeds of such Loan shall be paid over by the Administrative Agent to the Issuing Lender for the account of the Company in satisfaction of such reimbursement obligations. For the purposes of this Agreement, the unparticipated portion of each L/C Obligation shall be deemed to be the Issuing Lender's "participation" therein. The Issuing Lender hereby agrees, upon request of the Administrative Agent to deliver to the Administrative Agent a list of all outstanding Letters of Credit issued by the Issuing Lender, together with such information related thereto as the Administrative Agent may reasonably request.

2.3.3 Reimbursement Obligations. (a) The Company hereby unconditionally and irrevocably agrees to reimburse the Issuing Lender for each payment or disbursement made by the Issuing Lender under any Letter of Credit honoring any demand for payment made by the beneficiary thereunder, in each case on the date that such payment or disbursement is made. Any amount not reimbursed on the date of such payment or disbursement shall bear interest from the date of such payment or disbursement to the date that the Issuing Lender is reimbursed by the Company therefor, payable on demand, at a rate per annum equal to the Base Rate from time to time in effect plus the Base Rate Margin from time to time in effect plus, beginning on the third Business Day after receipt of notice from the Issuing Lender of such payment or disbursement, 2%. The Issuing Lender shall notify the Company and the Administrative Agent whenever any demand for payment is made under any Letter of Credit by the beneficiary thereunder; provided that the failure of the Issuing Lender to so notify the Company or the Administrative Agent shall not affect the rights of the Issuing Lender or the Lenders in any manner whatsoever.

(b) The Company's reimbursement obligations hereunder shall be irrevocable and unconditional under all circumstances, including (a) any lack of validity or enforceability of any Letter of Credit, this Agreement or any other Loan Document, (b) the existence of any claim, set-off, defense or other right which any Loan Party may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, the Issuing Lender, any Lender or any other Person, whether in connection with any Letter of Credit, this Agreement, any other Loan Document, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between any Loan Party and the beneficiary named in any Letter of Credit), (c) the validity, sufficiency or genuineness of any document which the Issuing Lender has determined complies on its face with the terms of the applicable Letter of Credit, even if such document should later prove to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein shall have been untrue or inaccurate in any respect, or (d) the surrender or impairment of any security for the performance or observance of any of the terms hereof. Without limiting the foregoing, no action or omission whatsoever by the Administrative Agent or any Lender (excluding any Lender in its capacity as the Issuing Lender) under or in connection with any Letter of Credit or any related matters shall result in any liability of the Administrative Agent or any Lender to the Company, or relieve the Company of any of its obligations hereunder to any such Person.

2.3.4 Funding by Lenders to Issuing Lender. If the Issuing Lender makes any payment or disbursement under any Letter of Credit and (a) the Company has not reimbursed the Issuing Lender through the Administrative Agent in full for such payment or disbursement by 12:00 P.M., Chicago time, on the date of such payment or disbursement, (b) a Revolving Loan may not be made in accordance with Section 2.3.2 or (c) any reimbursement received by the Issuing Lender from the Company is or must be returned or rescinded upon or during any bankruptcy or reorganization of the Company or otherwise, each other Lender with a Revolving Commitment shall be obligated to pay to the Administrative Agent for the account of the Issuing Lender, its Pro Rata Share of such payment or disbursement (but no such payment shall diminish the obligations of the Company under Section 2.3.3), and, upon notice from the Issuing Lender, the Administrative Agent shall promptly notify each other Lender thereof. Each Lender irrevocably and unconditionally agrees to so pay to the Administrative Agent in immediately available funds for the Issuing Lender's account the amount of such other Lender's Pro Rata Share of such payment or disbursement. If and to the extent any Lender shall not have made such amount available to the Administrative Agent by 1:00 P.M., Chicago time, on the Business Day on which such Lender receives notice from the Administrative Agent of such payment or disbursement (it being understood that any such notice received after noon, Chicago time, on any Business Day shall be deemed to have been received on the next following Business Day), such Lender agrees to pay interest on such amount to the Administrative Agent for the Issuing Lender's account forthwith on demand, for each day from the date such amount was to have been delivered to the Administrative Agent to the date such amount is paid, at a rate per annum equal to (a) for the first three days after demand, the Federal Funds Rate from time to time in

effect and (b) thereafter, the Base Rate from time to time in effect. Any Lender's failure to make available to the Administrative Agent its Pro Rata Share of any such payment or disbursement shall not relieve any other Lender of its obligation hereunder to make available to the Administrative Agent such other Lender's Pro Rata Share of such payment, but no Lender shall be responsible for the failure of any other Lender to make available to the Administrative Agent such other Lender's Pro Rata Share of any such payment or disbursement.

2.3.5 Existing Letters of Credit. The Letters of Credit outstanding on the Restatement Date and listed on Schedule 2.3.5 hereto (the "Existing Letters of Credit") were issued pursuant to the Existing Credit Agreement and were the only letters of credit issued under the Existing Credit Agreement which were outstanding as of the Restatement Date. The Company, Issuing Lender and each of the Lenders hereby agree with respect to the Existing Letters of Credit that such Existing Letters of Credit, for all purposes under this Agreement, including, without limitation, Sections 2.1.3 and 2.3.3, shall be deemed to be Letters of Credit governed by the terms and conditions of this Agreement.

2.4 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such automatic increases, whether or not such maximum stated amount is in effect at such time.

2.5 Commitments Several. The failure of any Lender to make a requested Loan on any date shall not relieve any other Lender of its obligation (if any) to make a Loan on such date, but no Lender shall be responsible for the failure of any other Lender to make any Loan to be made by such other Lender.

2.6 Certain Conditions. Except as otherwise provided in this Agreement no Lender shall have an obligation to make any Loan, or to permit the continuation of or any conversion into any LIBOR Loan, and the Issuing Lender shall not have any obligation to issue any Letter of Credit, if an Event of Default or Default exists.

### SECTION 3 EVIDENCING OF LOANS.

3.1 Notes. The Loans of each Lender shall be evidenced by a Note, with appropriate insertions, payable to the order of such Lender in a face principal amount equal to such Lender's Revolving Commitment.

3.2 Recordkeeping. The Administrative Agent, on behalf of each Lender, shall record in its records, the date and amount of each Loan made by each Lender, each repayment or conversion thereof and, in the case of each LIBOR Loan, the dates on which each Interest Period

for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttably presumptive evidence of the principal amount of the Loans owing and unpaid. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the Obligations of the Company hereunder or under any Note to repay the principal amount of the Loans hereunder, together with all interest accruing thereon.

#### SECTION 4 INTEREST.

4.1 Interest Rates. The Company promises to pay interest on the unpaid principal amount of each Loan for the period commencing on the date of such Loan until such Loan is paid in full as follows:

(a) at all times while such Loan is a Base Rate Loan, at a rate per annum equal to the sum of the Base Rate from time to time in effect plus the Base Rate Margin from time to time in effect; and

(b) at all times while such Loan is a LIBOR Loan, at a rate per annum equal to the sum of the LIBOR Rate applicable to each Interest Period for such Loan plus the LIBOR Margin from time to time in effect;

provided that at any time an Event of Default exists, and only as long as it continues, unless the Required Lenders otherwise consent, the interest rate applicable to each Loan shall be increased by 2% (and, in the case of Obligations not bearing interest, such Obligations shall bear interest at the Base Rate applicable to Revolving Loans plus 2%), provided further that such increase may thereafter be rescinded by the Required Lenders, notwithstanding Section 15.1. Notwithstanding the foregoing, upon the occurrence of an Event of Default under Section 13.1.1 or 13.1.4, such increase shall occur automatically.

4.2 Interest Payment Dates. Accrued interest on each Base Rate Loan shall be payable in arrears on the first day of each calendar month, upon a prepayment of such Loan and at maturity. Accrued interest on each LIBOR Loan shall be payable on the last day of each Interest Period relating to such Loan, upon a prepayment of such Loan, and at maturity. After maturity, and at any time an Event of Default exists, accrued interest on all Loans shall be payable on demand.

4.3 Setting and Notice of LIBOR Rates. The applicable LIBOR Rate for each Interest Period shall be determined by the Administrative Agent, and notice thereof shall be given by the Administrative Agent promptly to the Company and each Lender. Each determination of the applicable LIBOR Rate by the Administrative Agent shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error. The Administrative Agent shall, upon written request of the Company or any Lender, deliver to the Company or such Lender a statement showing the computations used by the Administrative Agent in determining any applicable LIBOR Rate hereunder.

4.4 Computation of Interest. Interest shall be computed for the actual number of days elapsed on the basis of a year of 365/366 days for purposes of each Base Rate Loan, and 360 days for each LIBOR Loan. The applicable interest rate for each Base Rate Loan shall change simultaneously with each change in the Base Rate.

4.5 Interest under Existing Credit Agreement. The Company, Lenders and Administrative Agent hereby agree that any and all accrued and unpaid interest on the “Loans” under, and as such term is defined in, the Existing Credit Agreement shall be due and payable, for the pro rata benefit of the Existing Lenders, on the Restatement Date; provided, however, the Lenders agree to waive any fee due pursuant to Section 8.4 arising from the prepayment of LIBOR Loans on the Restatement Date in connection with the assumption and restatement of the Original Loans on the Restatement Date.

#### SECTION 5 FEES.

5.1 Non-Use Fee. The Company agrees to pay to the Administrative Agent for the account of each Lender a non-use fee (“Non-Use Fee”), for the period from the Restatement Date to the Termination Date, at the Non-Use Fee Rate of such Lender’s Pro Rata Share (as adjusted from time to time) of the average daily unused amount of the Revolving Commitment calculated on a quarterly basis. For purposes of calculating usage under this Section, the Revolving Commitment shall be deemed used to the extent of Revolving Outstandings. Such Non-Use Fee shall be payable in arrears on the first day of each calendar quarter and on the Termination Date for any period then ending for which such Non-Use Fee shall not have previously been paid. The Non-Use Fee shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

5.2 Letter of Credit Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a letter of credit fee for each Letter of Credit equal to the L/C Fee Rate of such Lender’s Pro Rata Share (as adjusted from time to time) of the undrawn amount of such Letter of Credit (computed for the actual number of days elapsed on the basis of a year of 360 days); provided that, unless the Required Lenders otherwise consent, the rate applicable to each Letter of Credit shall be increased by 2% at any time, but only for so long as, that an Event of Default exists. Such letter of credit fee shall be payable in arrears on the first day of each calendar quarter and on the Termination Date (or such later date on which such Letter of Credit expires or is terminated) for the period from the date of the issuance of each Letter of Credit (or the last day on which the letter of credit fee was paid with respect thereto) to the date such payment is due or, if earlier, the date on which such Letter of Credit expired or was terminated.

(b) In addition, with respect to each Letter of Credit, the Company agrees to pay to the Issuing Lender, for its own account, (i) such fees and expenses as the Issuing Lender customarily requires in connection with the issuance, negotiation, processing

and/or administration of letters of credit in similar situations and (ii) a letter of credit fronting fee in the amount equal to .125% per annum for each Letter of Credit, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Termination Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 2.4.

5.3 Administrative Agent's and Lenders' Fees. The Company agrees to pay the Administrative Agent and the Lenders the fees set forth in the Fee Letter.

5.4 Fees, Charges and Expenses under Existing Credit Agreement. The Company, Lenders and Administrative Agent hereby agree that any and all accrued and unpaid fees, charges and expenses owing by any Loan Party to Administrative Agent or any Lender under the Existing Credit Agreement or any of the agreements or documents contemplated thereby shall be due and payable, for the pro rata benefit of the Existing Lenders, on the Restatement Date.

## SECTION 6 REDUCTION OR TERMINATION OF THE REVOLVING COMMITMENT; PREPAYMENTS.

### 6.1 Reduction or Termination of the Revolving Commitment.

6.1.1 Voluntary Reduction or Termination of the Revolving Commitment. The Company may from time to time on at least five (5) Business Days' prior written notice received by the Administrative Agent (which shall promptly advise each Lender thereof) permanently reduce the Revolving Commitment to an amount not less than the Revolving Outstandings. Any such reduction shall be in an amount not less than One Million and No/100 Dollars (\$1,000,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00). Concurrently with any reduction of the Revolving Commitment to zero, the Company shall pay all interest on the Revolving Loans, all Non-Use Fees and all letter of credit fees and shall Cash Collateralize in full all L/C Obligations.

6.1.2 Mandatory Reductions of Revolving Commitment. On the date of a Mandatory Prepayment Event under Section 6.2.2(a)(iii) hereof, the Revolving Commitment shall be reduced by the amount of such mandatory prepayment; provided, however, such reduction shall not exceed \$100,000,000. In the event of a Mandatory Prepayment Event under Section 6.2.2(a)(i) or (ii) hereof, the Revolving Commitment shall not be reduced by any amount.

6.1.3 All Reductions of the Revolving Commitment. All reductions of the Revolving Commitment shall reduce the Commitments ratably among the Lenders according to their respective Pro Rata Shares.

## 6.2 Prepayments.

6.2.1 Voluntary Prepayments. The Company may from time to time prepay the Loans in whole or in part; provided that the Company shall give the Administrative Agent (which shall promptly advise each Lender) notice thereof not later than (i) three Business Days prior to any date of prepayment of LIBOR Loans and (ii) 12:00 P.M., Chicago time, on the day of such prepayment (which shall be a Business Day), specifying the Loans to be prepaid and the date and amount of prepayment. Any such partial prepayment shall be in an amount equal to Five Hundred Thousand and No/100 Dollars (\$500,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) for Base Rate Loans and One Million and No/100 Dollars (\$1,000,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) for LIBOR Loans.

### 6.2.2 Mandatory Prepayments.

(a) The Company shall make a prepayment of the Loans until paid in full upon the occurrence of any of the following (each a "Mandatory Prepayment Event") at the following times and in the following amounts (such applicable amounts being referred to as "Designated Proceeds"):

- (i) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any Asset Disposition, in an amount equal to 100% of such Net Cash Proceeds.
- (ii) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any issuance of Capital Securities of any Loan Party (excluding (x) any issuance of Capital Securities pursuant to any employee or director option program, benefit plan or compensation program; (y) any issuance by a Subsidiary to the Company or another Subsidiary to the Company or another Subsidiary or (z) if waived by the Required Lenders, any issuance of Capital Securities in connection with a Change of Control of any Loan Party), in an amount equal to 100% of such Net Cash Proceeds (except to the extent such proceeds are intended to be, and in fact are, reinvested within 180 days from such date of issuance).
- (iii) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any issuance of any Debt of any Loan Party (excluding Debt permitted by Section 11.1(a) through (i) hereof), in an amount equal to

100% of such Net Cash Proceeds to the extent not used for acquisitions by a Loan Party within one hundred eighty (180) days thereafter.

(b) If on any day the Revolving Outstandings exceeds the Borrowing Base, the Company shall immediately prepay Revolving Loans and/or Cash Collateralize the outstanding L/C Obligations, or do a combination of the foregoing, in an amount sufficient to eliminate such excess.

(c) If on any day on which the Revolving Commitment is reduced pursuant to Section 6.1.2 the Revolving Outstandings exceeds the Revolving Commitment, the Company shall immediately prepay Revolving Loans or Cash Collateralize the outstanding L/C Obligations, or do a combination of the foregoing, in an amount sufficient to eliminate such excess.

### 6.3 Manner of Prepayments.

6.3.1 All Prepayments. Each voluntary partial prepayment shall be in a principal amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) for Base Rate Loans and One Million and No/100 Dollars (\$1,000,000.00) or a higher integral multiple of One Hundred Thousand and No/100 Dollars (\$100,000.00) for LIBOR Loans. Any partial prepayment of a Group of LIBOR Loans shall be subject to the proviso of Section 2.2.3(a). Any prepayment of a LIBOR Loan on a day other than the last day of an Interest Period therefor shall include interest on the principal amount being repaid and shall be subject to Section 8.4. Except as otherwise provided by this Agreement, all principal payments in respect of the Loans shall be applied first, to repay outstanding Base Rate Loans and then to repay outstanding LIBOR Rate Loans in direct order of Interest Period maturities.

### 6.4 Repayments.

6.4.1 Revolving Loans. The Revolving Loans of each Lender shall be paid in full and the Revolving Commitment shall terminate on the Termination Date.

## SECTION 7 MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES.

7.1 Making of Payments. All payments of principal or interest on the Notes, and of all fees, shall be made by the Company to the Administrative Agent in immediately available funds at the office specified by the Administrative Agent not later than 1:00 p.m., Chicago time, on the date due; and funds received after that hour shall be deemed to have been received by the Administrative Agent on the following Business Day. The Administrative Agent shall promptly remit to each Lender its share of all such payments received in collected funds by the Administrative Agent for the account of such Lender. All payments under Section 8.1 shall be

made by the Company directly to the Lender entitled thereto without setoff, counterclaim or other defense.

7.2 Application of Certain Payments. So long as no Default or Event of Default has occurred and is continuing, (a) payments matching specific scheduled payments then due shall be applied to those scheduled payments and (b) voluntary and mandatory prepayments shall be applied as set forth in Sections 6.2 and 6.3. After the occurrence and during the continuance of an Default or Event of Default, all amounts collected or received by the Administrative Agent or any Lender as proceeds from the sale of, or other realization upon, all or any part of the collateral shall be applied as the Administrative Agent shall determine in their discretion or, in the absence of a specific determination by the Administrative Agent, as set forth in the Guaranty and Collateral Agreement. Concurrently with each remittance to any Lender of its share of any such payment, the Administrative Agent shall advise such Lender as to the application of such payment.

7.3 Due Date Extension. If any payment of principal or interest with respect to any of the Loans, or of any fees, falls due on a day which is not a Business Day, then such due date shall be extended to the immediately following Business Day (unless, in the case of a LIBOR Loan, such immediately following Business Day is the first Business Day of a calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall accrue and be payable for the period of any such extension.

7.4 Setoff. The Company agrees that the Administrative Agent and each Lender has all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, the Company agrees that at any time any Event of Default exists, the Administrative Agent and each Lender may apply to the payment of any Obligations of the Company hereunder, whether or not then due, any and all balances, credits, deposits, accounts or moneys of the Company then or thereafter with the Administrative Agent or such Lender.

7.5 Proration of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise), on account of (a) principal of or interest on any Loan, but excluding (i) any payment pursuant to Section 5, Section 8.7 or 15.6, (ii) payments of interest on any Affected Loan or (b) its participation in any L/C Obligation in excess of its applicable Pro Rata Share of payments and other recoveries obtained by all Lenders on account of principal of and interest on the Loans (or such participation) then held by them, then such Lender shall purchase from the other Lenders such participations in the Loans (or sub-participations in L/C Obligations) held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery.

## 7.6 Taxes.

(a) All payments made by the Company hereunder or under any Loan Documents shall be made without setoff, counterclaim, or other defense. To the extent permitted by applicable law, all payments hereunder or under the Loan Documents (including any payment of principal, interest, or fees) to, or for the benefit, of any person shall be made by the Company free and clear of and without deduction or withholding for, or account of, any Taxes now or hereinafter imposed by any taxing authority.

(b) If the Company makes any payment hereunder or under any Loan Document in respect of which it is required by applicable law to deduct or withhold any Taxes, the Company shall increase the payment hereunder or under any such Loan Document such that after the reduction for the amount of Taxes withheld (and any taxes withheld or imposed with respect to the additional payments required under this [Section 7.6\(b\)](#)), the amount paid to the Lenders or the Administrative Agent equals the amount that was payable hereunder or under any such Loan Document without regard to this [Section 7.6\(b\)](#). To the extent the Company withholds any Taxes on payments hereunder or under any Loan Document, the Company shall pay the full amount deducted to the relevant taxing authority within the time allowed for payment under applicable law and shall deliver to the Administrative Agent within 30 days after it has made payment to such authority a receipt issued by such authority (or other evidence satisfactory to the Administrative Agent) evidencing the payment of all amounts so required to be deducted or withheld from such payment.

(c) If any Lender or the Administrative Agent is required by law to make any payments of any Taxes on or in relation to any amounts received or receivable hereunder or under any other Loan Document, or any Tax is assessed against a Lender or the Administrative Agent with respect to amounts received or receivable hereunder or under any other Loan Document, the Company will indemnify such person against (i) such Tax (and any reasonable counsel fees and expenses associated with such Tax) and (ii) any taxes imposed as a result of the receipt of the payment under this [Section 7.6\(c\)](#). A certificate prepared in good faith as to the amount of such payment by such Lender or the Administrative Agent shall, absent manifest error, be final, conclusive, and binding on all parties.

(d) (i) To the extent permitted by applicable law, each Lender that is not a United States person within the meaning of Code section 7701(a)(30) (a “[Non-U.S. Participant](#)”) shall deliver to the Company and the Administrative Agent on or prior to the Restatement Date (or in the case of a Lender that is an Assignee, on the date of such assignment to such Lender) two accurate and complete original signed copies of IRS Form W-8BEN, W-8ECI, or W-8IMY (or any successor or other applicable form prescribed by the IRS) certifying to such Lender’s entitlement to a complete exemption

from, or a reduced rate in, United States withholding tax on interest payments to be made hereunder or any Loan. If a Lender that is a Non-U.S. Participant is claiming a complete exemption from withholding on interest pursuant to Sections 871(h) or 881(c) of the Code, the Lender shall deliver (along with two accurate and complete original signed copies of IRS Form W-8BEN) a certificate in form and substance reasonably acceptable to the Administrative Agent (any such certificate, a “Withholding Certificate”). In addition, each Lender that is a Non-U.S. Participant agrees that from time to time after the Restatement Date, (or in the case of a Lender that is an Assignee, after the date of the assignment to such Lender), when a lapse in time (or change in circumstances occurs) renders the prior certificates hereunder obsolete or inaccurate in any material respect, such Lender shall, to the extent permitted under applicable law, deliver to the Company and the Administrative Agent two new and accurate and complete original signed copies of an IRS Form W-8BEN, W-8ECI, or W-8IMY (or any successor or other applicable forms prescribed by the IRS), and if applicable, a new Withholding Certificate, to confirm or establish the entitlement of such Lender or the Administrative Agent to an exemption from, or reduction in, United States withholding tax on interest payments to be made hereunder or any Loan. No Non-U.S. Participant shall become a Lender if such Person fails to deliver a Withholding Certificate.

(ii) Each Lender that is not a Non-U.S. Participant (other than any such Lender which is taxed as a corporation for U.S. federal income tax purposes) shall provide two properly completed and duly executed copies of IRS Form W-9 (or any successor or other applicable form) to the Company and the Administrative Agent certifying that such Lender is exempt from United States backup withholding tax. To the extent that a form provided pursuant to this Section 7.6(d)(ii) is rendered obsolete or inaccurate in any material respects as result of change in circumstances with respect to the status of a Lender, such Lender shall, to the extent permitted by applicable law, deliver to the Company and the Administrative Agent revised forms necessary to confirm or establish the entitlement to such Lender’s or the Administrative Agent’s exemption from United States backup withholding tax.

(iii) The Company shall not be required to pay additional amounts to a Lender, or indemnify any Lender, under this Section 7.6 to the extent that such obligations would not have arisen but for the failure of such Lender to comply with Section 7.6(d).

(iv) Each Lender agrees to indemnify the Administrative Agent and hold the Administrative Agent harmless for the full amount of any and all present or future Taxes and related liabilities (including penalties, interest, additions to tax and expenses, and any Taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this Section 7.6) which are imposed on or with respect to principal, interest or fees payable to such Lender hereunder and which are not paid by the Company pursuant to this Section 7.6, whether or not such Taxes or related liabilities were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Administrative Agent makes written demand therefor.

## SECTION 8 INCREASED COSTS; SPECIAL PROVISIONS FOR LIBOR LOANS.

8.1 Increased Costs. (a) If, after the date hereof, the adoption of, or any change in, any applicable law, rule or regulation, or any change in the interpretation or administration of any applicable law, rule or regulation by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency: (i) shall impose, modify or deem applicable any reserve (including any reserve imposed by the FRB, but excluding any reserve included in the determination of the LIBOR Rate pursuant to Section 4), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender; or (ii) shall impose on any Lender any other condition affecting its LIBOR Loans, its Note or its obligation to make LIBOR Loans; and the result of anything described in clauses (i) and (ii) above is to increase the cost to (or to impose a cost on) such Lender (or any LIBOR Office of such Lender) of making or maintaining any LIBOR Loan, or to reduce the amount of any sum received or receivable by such Lender (or its LIBOR Office) under this Agreement or under its Note with respect thereto, then upon demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to the Administrative Agent), the Company shall pay directly to such Lender such additional amount as will compensate such Lender for such increased cost or such reduction, so long as such amounts have accrued on or after the day which is 180 days prior to the date on which such Lender first made demand therefor.

(b) If any Lender shall reasonably determine that any change in, or the adoption or phase-in of, any applicable law, rule or regulation regarding capital adequacy, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or the compliance by any Lender or any Person controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder or under any Letter of Credit to a level below that which such Lender or such controlling Person could have achieved but for such change, adoption, phase-in or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) by an amount deemed by such Lender or such controlling Person to be material, then from time to time, upon demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to the Administrative Agent), the Company shall pay to such Lender such additional amount as will compensate such Lender or such controlling

Person for such reduction so long as such amounts have accrued on or after the day which is 180 days prior to the date on which such Lender first made demand therefor. Each Lender agrees that, a promptly as practicable after it becomes aware of any circumstances referred to above which would result in any such increased cost, the affected Lender shall, to the extent not inconsistent with such Lender's internal policies of general application, use reasonable commercial efforts to minimize costs and expenses incurred by it and payable to it by Company pursuant to this Section.

8.2 Basis for Determining Interest Rate Inadequate or Unfair. (a) If (i) the Administrative Agent reasonably determines (which determination shall be binding and conclusive on the Company) that by reason of circumstances affecting the interbank LIBOR market adequate and reasonable means do not exist for ascertaining the applicable LIBOR Rate; or (ii) the Required Lenders advise the Administrative Agent that (1) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of any requested LIBOR Loan or conversion to or continuation of any LIBOR Loan, (2) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Loan or in connection with a Base Rate Loan or (3) the LIBOR Rate as determined by the Administrative Agent will not adequately and fairly reflect the funding or borrowing cost to such Lenders of maintaining or funding LIBOR Loans for such Interest Period (taking into account any amount to which such Lenders may be entitled under Section 8.1), then the Administrative Agent shall promptly notify the other parties thereof and, so long as such circumstances shall continue, (y) no Lender shall be under any obligation to make any LIBOR Loans or Base Rate Loans as to which the interest rate is determined with reference to the LIBOR Rate or convert any Base Rate Loans into LIBOR Loans and (z) on the last day of the current Interest Period for each LIBOR Loan, such Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan as to which the interest rate is not determined with reference to the LIBOR Rate; or

(b) If the Lenders having 50% or more of the Revolving Commitment determine (which determination shall be conclusive and binding upon the Company) that the LIBOR Rate or the Base Rate, as the case may be, will not adequately and fairly reflect the funding or borrowing costs to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans, the Administrative Agent shall give notice thereof to the Company and the Lenders as soon as practicable thereafter including with such notice, the Lenders' certification as aforesaid and such notice shall remain in effect from the date of such delivery until the Administrative Agent (upon the instruction of the such Lenders) revokes such notice. Each Lender shall instruct the Administrative Agent to revoke the notice as soon as possible after the circumstances initially giving rise to such notice shall cease or pass with respect to such Lender.

8.3 Changes in Law Rendering LIBOR Loans Unlawful. If any change in, or the adoption of any new, law or regulation, or any change in the interpretation of any applicable law

or regulation by any governmental or other regulatory body charged with the administration thereof, should make it (or in the good faith judgment of any Lender cause a substantial question as to whether it is) unlawful for any Lender to make, maintain or fund LIBOR Loans or to determine or change interest rates based on the LIBOR Rate, then such Lender shall promptly notify each of the other parties hereto and, so long as such circumstances shall continue, (a) such Lender shall have no obligation to make or convert any Base Rate Loan into a LIBOR Loan (but shall make Base Rate Loans as to which the interest rate is not determined with reference to the LIBOR Rate concurrently with the making of or conversion of Base Rate Loans into LIBOR Loans by the Lenders which are not so affected, in each case in an amount equal to the amount of LIBOR Loans which would be made or converted into by such Lender at such time in the absence of such circumstances) or, if such notice relates to the unlawfulness or asserted unlawfulness of charging interest based on the LIBOR Rate, to make Base Rate Loans as to which the interest rate is determined with reference to the LIBOR Rate (but shall convert such Base Rate Loans to Base Rate Loans as to which the rate of interest is not determined with reference to the LIBOR Rate) and (b) on the last day of the current Interest Period for each LIBOR Loan of such Lender (or, in any event, on such earlier date as may be required by the relevant law, regulation or interpretation), such LIBOR Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan. Each Base Rate Loan made by a Lender which, but for the circumstances described in the foregoing sentence, would be a LIBOR Loan (an “Affected Loan”) shall remain outstanding for the period corresponding to the Group of LIBOR Loans of which such Affected Loan would be a part absent such circumstances.

8.4 Funding Losses. The Company hereby agrees that upon demand by any Lender (which demand shall be accompanied by a statement setting forth the basis for the amount being claimed, a copy of which shall be furnished to the Administrative Agent), the Company will indemnify such Lender against any net loss or expense which such Lender may sustain or incur (including any net loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Loan), as reasonably determined by such Lender, as a result of (a) any payment, prepayment or conversion of any LIBOR Loan of such Lender on a date other than the last day of an Interest Period for such Loan (including any conversion pursuant to Section 8.3) or (b) any failure of the Company to borrow, convert or continue any Loan on a date specified therefor in a notice of borrowing, conversion or continuation pursuant to this Agreement. For this purpose, all notices to the Administrative Agent pursuant to this Agreement shall be deemed to be irrevocable.

8.5 Right of Lenders to Fund through Other Offices. Each Lender may, if it so elects, fulfill its commitment as to any LIBOR Loan by causing a foreign branch or Affiliate of such Lender to make such Loan; provided that in such event for the purposes of this Agreement such Loan shall be deemed to have been made by such Lender and the obligation of the Company to repay such Loan shall nevertheless be to such Lender and shall be deemed held by it, to the extent of such Loan, for the account of such branch or Affiliate.

8.6 Discretion of Lenders as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Lender had actually funded and maintained each LIBOR Loan during each Interest Period for such Loan through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the LIBOR Rate for such Interest Period.

8.7 Mitigation of Circumstances; Replacement of Lenders. (a) Each Lender shall promptly notify the Company and the Administrative Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's sole judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by the Company to pay any amount pursuant to Section 7.6 or 8.1 or (ii) the occurrence of any circumstances described in Section 8.2 or 8.3 (and, if any Lender has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Company and the Administrative Agent). Without limiting the foregoing, each Lender will designate a different funding office if such designation will avoid (or reduce the cost to the Company of) any event described in clause (i) or (ii) above and such designation will not, in such Lender's sole judgment, be otherwise disadvantageous to such Lender.

(b) If the Company becomes obligated to pay additional amounts to any Lender pursuant to Section 7.6 or 8.1, or any Lender gives notice of the occurrence of any circumstances described in Section 8.2 or 8.3, the Company may designate another bank which is acceptable to the Administrative Agent and the Issuing Lender in their reasonable discretion (such other bank being called a "Replacement Lender") to purchase the Loans of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender plus any accrued but unpaid interest on such Loans and all accrued but unpaid fees owed to such Lender and any other amounts payable to such Lender under this Agreement, and to assume all the obligations of such Lender hereunder, and, upon such purchase and assumption (pursuant to an Assignment Agreement), such Lender shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Lender prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Company hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

8.8 Conclusiveness of Statements; Survival of Provisions. Determinations and statements of any Lender pursuant to Section 8.1, 8.2, 8.3 or 8.4 shall be conclusive absent demonstrable error. Lenders may use reasonable averaging and attribution methods in determining compensation under Sections 8.1 and 8.4, and the provisions of such Sections shall

survive repayment of the Obligations, cancellation of any Notes, expiration or termination of the Letters of Credit and termination of this Agreement.

#### SECTION 9 REPRESENTATIONS AND WARRANTIES.

To induce the Administrative Agent and the Lenders to enter into this Agreement and to induce the Lenders to make Loans and issue and participate in Letters of Credit hereunder, the Company represents and warrants to the Administrative Agent and the Lenders that:

9.1 Organization. Each Loan Party is validly existing and in good standing under the laws of its jurisdiction of organization; and each Loan Party is duly qualified to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification is required, except for such jurisdictions where the failure to so qualify would not have a Material Adverse Effect.

9.2 Authorization; No Conflict. Each Loan Party is duly authorized to execute and deliver each Loan Document to which it is a party, the Company is duly authorized to borrow monies hereunder and each Loan Party is duly authorized to perform its Obligations under each Loan Document to which it is a party. The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party, and the borrowings by the Company hereunder, do not and will not (a) require any consent or approval of any governmental agency or authority (other than any consent or approval which has been obtained and is in full force and effect), (b) conflict with (i) any provision of law, (ii) the charter, by-laws or other organizational documents of any Loan Party or (iii) any agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon any Loan Party or any of their respective properties or (c) require, or result in, the creation or imposition of any Lien on any asset of any Loan Party (other than Liens in favor of the Administrative Agent created pursuant to the Collateral Documents).

9.3 Validity and Binding Nature. Each of this Agreement and each other Loan Document to which any Loan Party is a party is the legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

9.4 Financial Condition. The audited consolidated financial statements of the Company and its Subsidiaries as at Company's Fiscal Year 2007, and the unaudited consolidated condensed financial statements of the Company and the Subsidiaries as at September 30, 2008, copies of each of which have been delivered to each Lender, were prepared in accordance with GAAP (subject, in the case of such unaudited statements, to the absence of footnotes and to normal year-end adjustments) and present fairly the consolidated financial condition of the Company and its Subsidiaries as at such date(s) and the results of their operations for the periods then ended.

9.5 No Material Adverse Change. Since Company's Fiscal Year 2007, there has been no material adverse change in the financial condition, operations, assets, business, properties or prospects of the Loan Parties taken as a whole.

9.6 Litigation and Contingent Liabilities. No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to the Company's knowledge, threatened against any Loan Party which might reasonably be expected to have a Material Adverse Effect, except as set forth in Schedule 9.6. Other than any liability incident to such litigation or proceedings, no Loan Party has any material contingent liabilities not listed on Schedule 9.6 or permitted by Section 11.1.

9.7 Ownership of Properties; Liens. Each Loan Party owns good and, in the case of real property, marketable title to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges and claims (including infringement claims with respect to patents, trademarks, service marks, copyrights and the like) except as permitted by Section 11.2.

9.8 Equity Ownership; Subsidiaries. All issued and outstanding Capital Securities of each Domestic Subsidiary are duly authorized and validly issued, fully paid, non-assessable, and free and clear of all Liens other than those in favor of the Administrative Agent, and such securities were issued in compliance with all applicable state and federal laws concerning the issuance of securities. Schedule 9.8 sets forth the authorized Capital Securities of each Domestic Subsidiary as of the Restatement Date and all of the issued and outstanding Capital Securities of each Domestic Subsidiary is, directly or indirectly, owned by the Company. As of the Restatement Date, except as set forth on Schedule 9.8, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights or other similar agreements or understandings for the purchase or acquisition of any Capital Securities of any Domestic Subsidiary.

9.9 Pension Plans. (a) Each Pension Plan complies in all material respects with all applicable requirements of law and regulations. No contribution failure under Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan has occurred with respect to any Pension Plan, sufficient to give rise to a Lien under Section 302(f) of ERISA, or otherwise to have a Material Adverse Effect. There are no pending or, to the knowledge of Company, threatened, claims, actions, investigations or lawsuits against any Pension Plan, any fiduciary of any Pension Plan, or Company or other any member of the Controlled Group with respect to a Pension Plan which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any other member of the Controlled Group has engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Pension Plan which would subject that Person to any material liability. Within the past five years, neither the Company nor any other member of the Controlled Group has engaged in a

transaction which resulted in a Pension Plan with an Unfunded Liability being transferred out of the Controlled Group, which could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred or is reasonably expected to occur with respect to any Pension Plan, which could reasonably be expected to have a Material Adverse Effect.

(b) All contributions (if any) have been made to any Multiemployer Pension Plan that are required to be made by the Company or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable law; neither the Company nor any other member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Pension Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan which would have a Material Adverse Effect; and neither the Company nor any other member of the Controlled Group has received any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated which could reasonably be expected to have a Material Adverse Effect, or that any such plan is or may become insolvent.

9.10 Investment Company Act. No Loan Party is an “investment company” or a company “controlled” by an “investment company” or a “subsidiary” of an “investment company,” within the meaning of the Investment Company Act of 1940.

9.11 Regulation U. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

9.12 Taxes. Each Loan Party has timely filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges due and payable with respect to such return, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP (subject, in the case of such unaudited statements, to the absence of footnotes and to normal year-end adjustments) shall have been set aside on its books. The Loan Parties have made adequate reserves on their books and records in accordance with GAAP (subject, in the case of such unaudited statements, to the absence of footnotes and to normal year-end adjustments) for all taxes that have accrued but which are not yet due and payable. No Loan Party has participated in any transaction that relates to a year of the taxpayer (which is still open under the applicable statute of limitations) which is a “reportable transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(2) (irrespective of the date when the transaction was entered into).

9.13 Solvency, etc. On the Restatement Date, and immediately prior to and after giving effect to the issuance of each Letter of Credit and each borrowing hereunder and the use of the proceeds thereof, with respect to each Loan Party other than as set forth in Schedule 9.13 hereto, individually, (a) the fair value of its assets is greater than the amount of its liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated in accordance with GAAP, (b) the present fair saleable value of its assets is not less than the amount that will be required to pay the probable liability on its debts as they become absolute and matured, (c) it is able to realize upon its assets and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business, (d) it does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature and (e) it is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which its property would constitute unreasonably small capital.

9.14 Environmental Matters. The on-going operations of each Loan Party comply in all respects with all Environmental Laws, except such non-compliance which could not (if enforced in accordance with applicable law) reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. Each Loan Party has obtained, and maintained in good standing, all licenses, permits, authorizations, registrations and other approvals required under any Environmental Law and required for their respective ordinary course operations, and for their reasonably anticipated future operations, and each Loan Party is in compliance with all terms and conditions thereof, except where the failure to do so could not reasonably be expected to result in material liability to any Loan Party and could not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. No Loan Party or any of its properties or operations is subject to, or reasonably anticipates the issuance of, any written order from or agreement with any Federal, state or local governmental authority, nor subject to any judicial or docketed administrative or other proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Substance. There are no Hazardous Substances or other conditions or circumstances existing with respect to any property, except for the Freeport Facility, arising from operations prior to the Closing Date, or relating to any waste disposal, of any Loan Party that would reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. Except for Titan Tire Corporation (only with respect to the Freeport Facility), no Loan Party has any underground storage tanks that are not properly registered or permitted under applicable Environmental Laws or, to the best of Company's knowledge, have released, leaked, disposed of or otherwise discharged Hazardous Substances.

9.15 Insurance. Set forth on Schedule 9.15 is a complete and materially accurate summary of the property and casualty insurance program of the Loan Parties as of the Restatement Date (including the names of all insurers, policy numbers, expiration dates, amounts and types of coverage, annual premiums, exclusions, deductibles, self-insured retention, and a description in reasonable detail of any self-insurance program, retrospective rating plan, fronting arrangement or other risk assumption arrangement involving any Loan Party). Each Loan Party

and its properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Loan Parties operate.

9.16 Real Property. Set forth on Schedule 9.16 is a complete and materially accurate list, as of the Restatement Date, of the address of all real property owned or leased by any Loan Party, together with, in the case of leased property, the name and mailing address of the lessor of such property.

9.17 Information. All information heretofore or contemporaneously herewith furnished in writing by any Loan Party to the Administrative Agent or any Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made (it being recognized by the Administrative Agent and the Lenders that any projections and forecasts provided by the Company are based on good faith estimates and assumptions believed by the Company to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results). The Lenders acknowledged that these projections and forecasts are based on the Company's expectations and are subject to a number of risks and uncertainties, certain of which are beyond the Company's control. Actual results could differ materially from these projections and forecasts as a result of certain factors, including, (i) changes in the Company's end-user markets as a result of world economics or regulatory influences, (ii) fluctuations in currency translations, (iii) changes in the marketplace, including new products and pricing changes by the Company's competitors, (iv) availability and price of raw materials, (v) levels of operating efficiencies, (vi) actions of domestic and foreign governments, (vii) results of investments, and (viii) ability to secure financing at reasonable terms. Any changes in such factors could lead to significantly different results. The Company undertakes no obligation to update or revise any such projections or forecasts, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurance that the projections and forecasts contained in this Agreement will in fact transpire.

9.18 Intellectual Property. Each Loan Party owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights and copyrights as are necessary for the conduct of the businesses of the Loan Parties, without any infringement upon rights of others which could reasonably be expected to have a Material Adverse Effect.

9.19 Burdensome Obligations. No Loan Party is a party to any agreement or contract or subject to any restriction contained in its organizational documents which could reasonably be expected to have a Material Adverse Effect.

9.20 Labor Matters. Except as set forth on Schedule 9.20, no Loan Party is subject to any labor or collective bargaining agreement. There are no existing or threatened strikes, lockouts or other labor disputes involving any Loan Party that singly or in the aggregate could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Loan Parties are not in violation of the Fair Labor Standards Act or any other applicable law, rule or regulation dealing with such matters which could reasonably be expected to have a Material Adverse Effect.

9.21 No Default. No Event of Default or Default exists or would result from the incurrence by any Loan Party of any Debt hereunder or under any other Loan Document.

9.22 Subordinated Debt. The subordination provisions of the Subordinated Debt are enforceable against the holders of the Subordinated Debt by the Administrative Agent and the Lenders.

9.23 Subsidiary Assets. No Subsidiary, other than the Foreign Subsidiaries and Domestic Subsidiaries, owns assets other than as disclosed on Schedule 9.23, which Schedule describes both the type and approximate value of such assets.

#### SECTION 10 AFFIRMATIVE COVENANTS.

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full and all Letters of Credit have been terminated, the Company agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

10.1 Reports, Certificates and Other Information. Except as such information is available to the public by disclosures required by the United States Securities and Exchange Commission, furnish to the Administrative Agent and each Lender:

10.1.1 Annual Report. Promptly when available and in any event within 90 days after the close of each Fiscal Year a copy of the annual audit report of the Company for such Fiscal Year, including therein consolidated balance sheets and statements of earnings and cash flows of the Company and its Subsidiaries at the end of such Fiscal Year, each certified without adverse reference to going concern value and without qualification by independent auditors of recognized standing selected by the Company and reasonably acceptable to the Administrative Agent.

10.1.2 Interim Reports. (a) Promptly when available and in any event within 45 days after the end of each Fiscal Quarter, consolidated balance sheets of each of (i) the Company and

(ii) the Obligors as of the end of such Fiscal Quarter, together with consolidated statements of earnings and cash flows for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter, certified by a Senior Officer of the Company; and if the Administrative Agent requests, (b) promptly when available and in any event within 30 days after the end of each month, consolidated balance sheets of each of (i) the Company and (ii) the Obligors as of the end of such month, together with consolidated statements of earnings and a consolidated statement of cash flows for such month and for the period beginning with the first day of such Fiscal Year and ending on the last day of such month, certified by a Senior Officer of the Company.

10.1.3 Compliance Certificates. Contemporaneously with the furnishing of a copy of each annual audit report pursuant to Section 10.1.1 and each set of quarterly statements pursuant to Section 10.1.2, a duly completed compliance certificate in the form of Exhibit B, with appropriate insertions, dated the date of such annual report or such quarterly statements and signed by a Senior Officer of the Company, containing a computation of each of the financial ratios and restrictions set forth in Section 11.14 and to the effect that such officer has not become aware of any Event of Default or Default that has occurred and is continuing or, if there is any such event, describing it and the steps, if any, being taken to cure it.

10.1.4 Notice of Default, Litigation and ERISA Matters. Promptly upon becoming aware of any of the following, written notice describing the same and the steps being taken by the Company or the Subsidiary affected thereby with respect thereto:

(a) the occurrence of an Event of Default or a Default;

(b) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Company to the Lenders which has been instituted or, to the knowledge of the Company, is threatened against any Loan Party or to which any of the properties of any thereof is subject which might reasonably be expected to have a Material Adverse Effect;

(c) the institution of any steps by any member of the Controlled Group or any other Person to terminate any Pension Plan, or the failure of any member of the Controlled Group to make a required contribution to any Pension Plan (if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA) or to any Multiemployer Pension Plan, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Company furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan or Multiemployer Pension Plan which could result in the incurrence by any member of the Controlled Group of any material liability, fine or penalty (including any claim or demand for withdrawal liability or partial withdrawal from any Multiemployer Pension Plan), or any material increase in the contingent liability of the Company with respect to

any post-retirement welfare benefit plan or other employee benefit plan of the Company or another member of the Controlled Group, or any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of an excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent;

(d) any cancellation or material change in any insurance maintained by any Loan Party; or

(e) any other event (including (i) any violation of any Environmental Law or the assertion of any Environmental Claim or (ii) the enactment or effectiveness of any law, rule or regulation) which might reasonably be expected to have a Material Adverse Effect.

10.1.5 Borrowing Base Certificates. Within thirty (30) days of the end of each of the first three Fiscal Quarters of each Fiscal Year and within sixty (60) days of the end of the last Fiscal Quarter of each Fiscal Year, a Borrowing Base Certificate dated as of the end of such Fiscal Quarter and executed by a Senior Officer of the Company on behalf of the Company (provided that (a) the Company shall deliver a Borrowing Base Certificate within twenty-five (25) days after the end of each calendar month if during such month the average daily balance of the Revolving Outstandings exceeded \$125,000,000, (b) at any time an Event of Default exists, the Administrative Agent may require the Company to deliver Borrowing Base Certificates more frequently than quarterly), (c) the Company may, but is not required to, deliver a Borrowing Base Certificate as of the date of any request by Company for a Revolving Loan, and (d) the Borrowing Base Certificate for each Fiscal Quarter shall be based on the Company's unaudited financial statements. In the event the Company fails to timely deliver a Borrowing Base Certificate as set forth hereinabove, then, in addition to all other remedies set forth herein, the Base Rate Margin, LIBOR Margin and L/C Fee Rate shall be automatically adjusted at the highest rates set forth in the Pricing Grid, until such Borrowing Base Certificate is delivered.

10.1.6 Management Recommendation Reports. If requested by the Administrative Agent and if not otherwise prohibited, promptly upon receipt thereof, copies of all detailed financial or management recommendation reports, if any, submitted to the Company by independent auditors in connection with each annual audit made by such auditors of the books of the Company.

10.1.7 Budgets. As soon as practicable, and in any event not later than 30 days after the commencement of each Fiscal Year, a consolidated financial budget for the Company for such Fiscal Year (including annual operating and cash flow budgets) prepared in a manner consistent with the budget delivered by the Company to the Lenders prior to the Restatement

Date or otherwise in a manner reasonably satisfactory to the Administrative Agent, and such budgets shall have been prepared by the Company in good faith.

10.1.8 Senior Notes, Subordinated Debt and Other Material Debt Notices. Promptly following receipt, copies of any notices (including notices of default or acceleration) received from any holder or trustee of, under or with respect to the Senior Notes, any Subordinated Debt with an original principal amount greater than \$10,000,000, or any other Material Debt.

10.1.9 Other Information. Promptly from time to time, such other information concerning the Loan Parties as any Lender or the Administrative Agent may reasonably request.

10.2 Books, Records and Inspections. Keep, and cause each other Loan Party to keep, its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit, and cause each other Loan Party to permit, any Lender or the Administrative Agent or any representative thereof to inspect the properties and operations of the Loan Parties; and permit, and cause each other Loan Party to permit, at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), any Lender or the Administrative Agent or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and after and as long as an Event of Default continues the Company hereby authorizes such independent auditors to discuss such financial matters with any Lender or the Administrative Agent or any representative thereof), and to examine (and, at the expense of the Loan Parties, photocopy extracts from) any of its books or other records; and permit, and cause each other Loan Party to permit, the Administrative Agent and its representatives to inspect the Inventory and other tangible assets of the Loan Parties, to perform appraisals of the equipment of the Loan Parties, and to inspect, audit, check and make copies of and extracts from the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to Inventory, Accounts and any other collateral, all at the expense of the Administrative Agent (except as set out in this Agreement). If an Event of Default or Default exists, all such inspections or audits by the Administrative Agent shall be at the Company's expense.

10.3 Maintenance of Property; Insurance.

(a) Keep, and cause each other Loan Party to keep, all property useful and necessary in the business of the Loan Parties in normal working order and condition, ordinary wear and tear excepted.

(b) Maintain, and cause each other Loan Party to maintain, with responsible insurance companies acceptable to the Administrative Agent, such insurance coverage as may be required by any law or governmental regulation or court decree or order applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated, but which shall

insure against all risks and liabilities of the type identified on Schedule 9.15 and shall have insured amounts no less than, and deductibles no higher than, those set forth on such schedule; and, upon request of the Administrative Agent or any Lender, furnish to the Administrative Agent or such Lender annually or upon any renewal of any policy a certificate setting forth in reasonable detail the nature and extent of all insurance maintained by the Loan Parties and delineating thereon the special provisions enumerated herein. The Company shall cause each issuer of an insurance policy to provide the Administrative Agent, for the benefit of any Lender, with an endorsement (i) showing the Administrative Agent as additional insured and loss payee with respect to each policy of property insurance and naming the Administrative Agent on behalf of the Lenders as an additional insured with respect to each policy of liability insurance, (ii) providing that 30 days' notice will be given to the Administrative Agent prior to any cancellation of, material reduction or change in coverage provided by or other material modification to such policy, (iii) providing breach of warranty coverage with respect to each policy of property insurance, and (iv) providing a waiver of subrogation in favor of the Administrative Agent on behalf of the Lenders. The Company shall execute and deliver to the Administrative Agent a collateral assignment, in form and substance satisfactory to the Administrative Agent, of each business interruption insurance policy maintained by the Company.

**(c) UNLESS THE COMPANY PROVIDES THE ADMINISTRATIVE AGENT WITH EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THIS AGREEMENT, THE ADMINISTRATIVE AGENT MAY PURCHASE INSURANCE AT THE COMPANY'S EXPENSE TO PROTECT THE ADMINISTRATIVE AGENT'S AND THE LENDERS' INTERESTS IN THE COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT ANY LOANPARTY'S INTERESTS. THE COVERAGE THAT THE ADMINISTRATIVE AGENT PURCHASES MAY NOT PAY ANY CLAIM THAT IS MADE AGAINST ANY LOAN PARTY IN CONNECTION WITH THE COLLATERAL. THE COMPANY MAY LATER CANCEL ANY INSURANCE PURCHASED BY THE ADMINISTRATIVE AGENT, BUT ONLY AFTER PROVIDING THE ADMINISTRATIVE AGENT WITH EVIDENCE THAT THE COMPANY HAS OBTAINED INSURANCE AS REQUIRED BY THIS AGREEMENT. IF THE ADMINISTRATIVE AGENT PURCHASES INSURANCE FOR THE COLLATERAL, THE COMPANY WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AND ANY OTHER CHARGES THAT MAY BE IMPOSED WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE MAY BE ADDED TO THE PRINCIPAL AMOUNT OF THE LOANS OWING HEREUNDER. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF THE INSURANCE THE LOAN PARTIES MAY BE ABLE TO OBTAIN ON THEIR OWN.**

10.4 Compliance with Laws; Payment of Taxes and Liabilities. (a) Comply, and cause each other Loan Party to comply, in all material respects with all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits, except where failure to comply could not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, ensure, and cause each other Loan Party to ensure, that no person who owns a controlling interest in or otherwise controls a Loan Party is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control (“OFAC”), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (ii) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, (c) without limiting clause (a) above, comply, and cause each other Loan Party to comply, with all applicable Bank Secrecy Act (“BSA”) and anti-money laundering laws and regulations and (d) pay, and cause each other Loan Party to pay, prior to delinquency, all taxes and other governmental charges against it or any collateral, as well as claims of any kind which, if unpaid, could become a Lien on any of its property; provided that the foregoing shall not require any Loan Party to pay any such tax or charge so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP and, in the case of a claim which could become a Lien on any collateral, such contest proceedings shall stay the foreclosure of such Lien or the sale of any portion of the collateral to satisfy such claim.

10.5 Maintenance of Existence, etc. Maintain and preserve, and (subject to Section 11.5) cause each other Loan Party to maintain and preserve, (a) its existence and good standing in the jurisdiction of its organization and (b) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (other than such jurisdictions in which the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect).

10.6 Use of Proceeds. Use the proceeds of the Loans and the Letters of Credit, solely to fund and pay for acquisitions approved by the Required Lenders, for working capital purposes, for Capital Expenditures and for other general business purposes; and not use or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of ‘purchasing or carrying’ any Margin Stock.

10.7 Employee Benefit Plans.

(a) Unless and to the extent any Pension Plan is terminated, maintain, and cause each other member of the Controlled Group to maintain, each Pension Plan in substantial compliance with all applicable requirements of law and regulations.

(b) Make, and cause each other member of the Controlled Group to make, on a timely basis, all required contributions to any Multiemployer Pension Plan.

(c) Without the Administrative Agent's prior consent, not to be unreasonably withheld, not, and not permit any other member of the Controlled Group to (i) seek a waiver of the minimum funding standards of ERISA, (ii) terminate or withdraw from any Pension Plan or Multiemployer Pension Plan or (iii) take any other action with respect to any Pension Plan that would reasonably be expected to entitle the PBGC to terminate, impose liability in respect of, or cause a trustee to be appointed to administer, any Pension Plan, unless the actions or events described in clauses (i), (ii) and (iii) individually or in the aggregate would not have a Material Adverse Effect.

(d) If any Person institutes steps to terminate a Pension Plan, and as a result of such termination the Company or any member of the Controlled Group could be required to make a contribution to such Pension Plan or otherwise incur a liability to such Pension Plan, the Company shall promptly notify the Administrative Agent.

10.8 Environmental Matters. If any release or threatened release or other disposal of Hazardous Substances shall occur or shall have occurred on any real property or any other assets of any Loan Party, the Company shall, or shall cause the applicable Loan Party to, cause the prompt containment and removal of such Hazardous Substances and the remediation of such real property or other assets as necessary to comply with all Environmental Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, the Company shall, and shall cause each other Loan Party to, comply with any Federal or state judicial or administrative order requiring the performance at any real property of any Loan Party of activities in response to the release or threatened release of a Hazardous Substance. To the extent that the transportation of Hazardous Substances is permitted by this Agreement, the Company shall, and shall cause its Subsidiaries to, dispose of such Hazardous Substances, or of any other wastes, only at licensed disposal facilities operating in compliance with Environmental Laws.

10.9 Further Assurances. Take, and cause each other Loan Party to take, such actions as are necessary or as the Administrative Agent or the Required Lenders may reasonably request from time to time to ensure that the Obligations of each Loan Party under the Loan Documents are (A) secured by the assets of the type that the Loan Documents purport to grant a security interest in, including all Capital Securities of each Domestic Subsidiary, of (i) the Company, (ii) each Domestic Subsidiary and (iii) any Subsidiary that becomes a guarantor of the Senior Notes or any other Material Debt, and (B) guaranteed by each Domestic Subsidiary and any Subsidiary that becomes a guarantor of the Senior Notes or any other Material Debt, in each case as the Administrative Agent may determine, including (x) the execution and delivery of guaranties, security agreements, pledge agreements, mortgages, deeds of trust, financing statements and other documents, and the filing or recording of any of the foregoing, and (y) the delivery of

certificated securities and other collateral with respect to which perfection is obtained by possession. If the Administrative Agent at any time has a reasonable basis to believe that there may be a violation of any Environmental Laws by any Loan Party, on, at, in, under, above, to, from or about any of its Mortgaged Real Property, which, in each case, could reasonably be expected to have a Material Adverse Effect then each Loan Party, with respect to such Mortgaged Real Property, upon the Administrative Agent's written request shall cause the performance of such environmental audits, including subsurface sampling of soil and groundwater, and preparation of such environmental reports, at the Company's expense, as the Administrative Agent and the Company may mutually agree, or, if any Default or Event of Default then exists and is continuing, as the environmental consulting firms reasonably acceptable to the Administrative Agent suggest and shall be in form and substance acceptable to the Administrative Agent.

10.10 Deposit Accounts. Unless the Administrative Agent otherwise consents in writing, which consent shall not be unreasonably withheld, in order to facilitate the Administrative Agent's and the Lenders' maintenance and monitoring of their security interests in the collateral, maintain its and all of Domestic Subsidiaries' principal deposit accounts with the Administrative Agent and the Lenders; provided, that any deposit account maintained with a Lender other than the Administrative Agent is subject to a tri-party account control agreement with respect to each such account on terms acceptable to the Administrative Agent.

10.11 Intentionally omitted.

10.12 Syndication. Enter into such modifications to the Loan Documents as the Administrative Agent may reasonably request as necessary for the syndication of the Loans and the Commitments.

10.13 Appraisals. Each Loan Party shall, upon the Administrative Agent's written request, (i) cause the performance of such appraisals of the Collateral (excluding the Real Estate), at Lenders' expense (except with respect to the initial appraisals and any appraisal undertaken after an Event of Default which shall be at Company's expense), as the Administrative Agent may from time to time reasonably request, which shall be conducted by the prior appraisal firms or reputable firms reasonably acceptable to the Administrative Agent and shall be in form and substance acceptable to the Administrative Agent, and (ii) permit the Administrative Agent or its representatives to have access to all Real Estate for the purpose of conducting such appraisals as the Administrative Agent deems appropriate; provided that if an Event of Default shall not have occurred, the Administrative Agent shall request such appraisals no more frequently than once annually from and after the Restatement Date. Obligors shall reimburse the Administrative Agent for the costs of such appraisals for which they are responsible, and the same will constitute a part of the Obligations secured hereunder. The Administrative Agent agrees to use reasonable efforts to limit the costs of such appraisals to not more than \$75,000 per year without limiting the scope of any such appraisal. The

Administrative Agent agrees to notify Company if any such appraisal exceeds or is anticipated to exceed such amount.

10.14 Immaterial Subsidiaries' Assets. Not permit any Immaterial Subsidiary listed on Schedule 9.23 to own assets (excluding, in the case of Titan Tire Corporation of Texas, the Brownsville Facility) having an aggregate book value which is greater than 130% of that aggregate amount expressed in Schedule 9.23.

10.15 Escrow. All payment Assignments made by the Obligors to the Administrative Agent pursuant to the Assignment of Claims Act of 1940 and all Pledged Equity (as defined in the Guaranty and Collateral Agreement) and stock powers relating thereto shall be deposited with the Escrow Agent pursuant to the terms of the Escrow Agreement.

## SECTION 11 NEGATIVE COVENANTS

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full and all Letters of Credit have been terminated, the Company agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

11.1 Debt. Not, and not permit any other Loan Party to, create, incur, guaranty, assume or suffer to exist any Debt, except:

(a) Debt of the Company and the Loan Parties in an aggregate outstanding amount not at any time exceeding \$50,000,000;

(b) Obligations under this Agreement and the other Loan Documents;

(c) Debt of the Company to any Domestic Subsidiary or Debt of any Domestic Subsidiary to the Company or another Domestic Subsidiary; provided that such Debt shall be evidenced by a demand note in form and substance reasonably satisfactory to the Administrative Agent and pledged and delivered to the Administrative Agent pursuant to the Collateral Documents as additional collateral security for the Obligations, and the obligations under such demand note shall be subordinated to the Obligations of the Company hereunder in a manner reasonably satisfactory to the Administrative Agent;

(d) Hedging Obligations approved by the Administrative Agent and incurred in favor of a Lender or an Affiliate thereof for bona fide hedging purposes and not for speculation;

(e) Debt described on Schedule 11.1 and any extension, renewal or refinancing thereof so long as the principal amount thereof is not increased nor the amortization thereof decreased;

(f) Unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law;

(g) Debt in respect of Taxes, assessments, governmental charges or levies and claims for labor, materials, and supplies to the extent payment thereof shall not at the time be required by Section 10.4;

(h) Contingent Liabilities arising with respect to customary indemnification obligations in favor of sellers in connection with Acquisitions permitted under Section 11.5 and purchasers in connection with dispositions permitted under Section 11.5; and

(i) the Senior Notes.

Notwithstanding the foregoing, neither the Company nor any other Loan Party shall be permitted to incur Debt hereunder to the extent the Company or any other Loan Party is prohibited from incurring such Debt pursuant to the terms of the documents governing any Material Debt.

**11.2 Liens.** Not, and not permit any other Loan Party to, create or permit to exist any Lien on any of its real or personal properties, assets or rights of whatsoever nature (whether now owned or hereafter acquired) including without limitation the Freeport Facility and the Bryan Facility, except:

(a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves;

(b) Liens arising in the ordinary course of business (such as (i) Liens of carriers, warehousemen, mechanics and materialmen and other similar Liens imposed by law and securing obligations not exceeding in the aggregate \$20,000,000 at any time and (ii) Liens in the form of deposits or pledges incurred in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue or being contested in good faith by appropriate proceedings and not involving any advances or borrowed money or the deferred purchase price of property or services and, in each case, for which it maintains adequate reserves;

(c) Liens described on Schedule 11.2 as of the Restatement Date;

(d) subject to the limitation set forth in Section 11.1(a), (i) Liens arising in connection with Capital Leases (and attaching only to the property being leased), (ii) Liens existing on property at the time of the acquisition thereof by any Loan Party

(and not created in contemplation of such acquisition) and (iii) Liens that constitute purchase money security interests on any property securing debt incurred for the purpose of financing all or any part of the cost of acquiring such property, provided that any such Lien attaches to such property within 20 days of the acquisition thereof and attaches solely to the property so acquired;

(e) attachments, appeal bonds, judgments and other similar Liens, which would not be reasonably expected to result in a Material Adverse Effect arising in connection with court proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(f) easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of any Loan Party;

(g) Liens arising under the Loan Documents; and

(h) the replacement, extension or renewal of any Lien permitted by clause (c) above upon or in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof).

11.3 Operating Leases. Not permit the aggregate amount of all rental payments under Operating Leases made (or scheduled to be made) by the Loan Parties (on a consolidated basis) to exceed \$15,000,000 in any Fiscal Year, except in any Fiscal Year when prepayment described in Section 11.4(e)(vi) may occur.

11.4 Restricted Payments. Not, and not permit any other Loan Party to, (a) make any distribution to any holders of its Capital Securities, (b) purchase or redeem any of its Capital Securities in excess of \$5,000,000 in the aggregate in any Fiscal Year, (c) pay any management fees or similar fees to any of its equityholders or any Affiliate thereof, (d) make any redemption, prepayment, defeasance, repurchase or any other payment in respect of any Subordinated Debt, (e) make any voluntary redemption, prepayment, defeasance, repurchase or any other voluntary payment in respect of any Senior Notes or any other Material Debt (other than a Debt secured by a Permitted Lien if the asset securing such Debt is sold in accordance with Section 11.5); or (f) set aside funds for any of the foregoing. Notwithstanding the foregoing, (i) any Subsidiary may pay dividends or make other distributions to the Company or to a Domestic Subsidiary; (ii) the Company may make regularly scheduled payments of interest in respect of Subordinated Debt to the extent permitted under the subordination provisions thereof; (iii) the Loan Parties may make regularly scheduled principal and interest payments in respect of, and may prepay with any Permitted Refinancing, the Senior Notes and any other Material Debt; (iv) the Company may pay a cash dividend in any Fiscal Quarter of not more than \$1,000,000 in the aggregate; (v) the Company may pay directors' fees and reimbursable expenses; and (vi) in addition to the

purchase or redemption of Capital Securities permitted pursuant to clause (b) of this Section 11.4, the Company may make Permitted Redemptions during the term of this Agreement on any date, so long as, after giving effect thereto, tested only as of the date thereof and not subject to a retest due to a change in any of the following at any time thereafter: (A) the Company's Revolving Loan Excess Availability is equal to or greater than \$100,000,000 (B) the Available Amount equals or exceeds \$0 and (C) no Event of Default or Default exists or would result therefrom. For purposes of clarification, neither the Company nor any other Loan Party shall make any payment otherwise permitted to be made under this Section 11.4 to the extent such payment would be prohibited pursuant to the terms of the documents governing any Material Debt.

11.5 Mergers, Consolidations, Sales. Not, and not permit any other Loan Party to, (a) create any Subsidiary; (b) without the Required Lenders' prior written consent, not to be unreasonably withheld, to consummate any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any Capital Securities of any class of, or any partnership or joint venture interest in, any other Person, including, without limitation, Titan Europe, (c) sell, transfer, convey or lease all or any substantial part of its assets or Capital Securities (including the sale of Capital Securities of any Subsidiary) except for sales of Inventory in the ordinary course of business or as otherwise allowed in this Agreement, or (d) sell or assign with or without recourse any receivables. Notwithstanding the foregoing, the following shall be permitted: (i) with Required Lenders' prior written consent (such consent not to be unreasonably withheld) the sale, transfer, conveyance or other disposition by a Loan Party of machinery and equipment during the term of this Agreement having an Orderly Liquidation Value not exceeding \$50,000,000 in the aggregate, provided however, no disposition may occur if and to the extent that any such contemplated disposition is for a cash amount which is less than the Orderly Liquidation Value of any such asset; (ii) transfers between Obligors provided that the Administrative Agent maintains a first priority perfected security interest in the asset transferred; (iii) sales of the Capital Securities of any Foreign Subsidiary; and (iv) the sale, transfer, conveyance or other disposition by a Loan Party of equipment or fixtures that are obsolete or no longer used or useful in such Loan Party's business and having a value not exceeding \$10,000,000 in the aggregate in any Fiscal Year, provided such equipment or fixtures is replaced by equipment or fixtures of comparable value or worth and provided further that the Administrative Agent maintains a first priority perfected security interest in the replacement equipment or fixtures. With respect to any disposition of assets or other properties permitted pursuant to clause (i) above, the Administrative Agent agrees, upon reasonable prior written notice, to release the Lien on such assets or other properties in order to permit the applicable Loan Party to effect such disposition and shall execute and deliver to Company at Company's expense, appropriate UCC-3 termination statements and other releases as reasonably requested by Company.

11.6 Modification of Organizational Documents. Not permit the charter, by-laws or other organizational documents of any Loan Party to be amended or modified in any way which could reasonably be expected to materially adversely affect the interests of the Lenders.

11.7 Transactions with Affiliates. Not, and not permit any other Loan Party to, enter into, or cause, suffer or permit to exist any transaction, arrangement or contract with any of its other Affiliates (other than the Loan Parties) other than in the ordinary course of business and which is on fair and reasonable terms which are no less favorable than are obtainable from any Person which is not one of its Affiliates. In addition, if any such transaction or series of related transactions involves payments in excess of \$10,000,000 in the aggregate, the terms of these transactions if not previously disclosed in Schedule 11.7 must be disclosed in advance to the Administrative Agent. All such transactions existing as of the date hereof are described on Schedule 11.7. No Loan Party shall enter into any lending or borrowing transaction with any employees of any Loan Party, except loans to their respective employees on an arm's-length basis in the ordinary course of business consistent with past practices for travel expenses, relocation costs and similar purposes and stock option financing up to a maximum of \$500,000 in the aggregate at any one time outstanding.

11.8 Unconditional Purchase Obligations. Not, and not permit any other Loan Party to, enter into or be a party to any contract for the purchase of materials, supplies or other property or services if such contract requires that payment be made by it regardless of whether delivery is ever made of such materials, supplies or other property or services, which is outside of the ordinary course of business and inconsistent with past practices.

11.9 Inconsistent Agreements. Not, and not permit any other Loan Party to, enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by the Company hereunder or by the performance by any Loan Party of any of its Obligations hereunder or under any other Loan Document, (b) prohibit any Loan Party from granting to the Administrative Agent and the Lenders, a Lien on any of its assets or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (i) pay dividends or make other distributions to the Company or any other Subsidiary, or pay any indebtedness owed to the Company or any other Subsidiary, (ii) make loans or advances to any Loan Party or (iii) transfer any of its assets or properties to any Loan Party, other than (A) customary restrictions and conditions contained in agreements relating to the sale of all or a substantial part of the assets of any Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary to be sold and such sale is permitted hereunder (B) restrictions or conditions imposed by any agreement relating to purchase money indebtedness, Capital Leases and other secured indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such indebtedness and (C) customary provisions in leases and other contracts restricting the assignment thereof.

11.10 Business Activities: Issuance of Equity. Not, and not permit any other Loan Party to, engage in any line of business other than the businesses engaged on the date hereof and businesses reasonably related thereto and shall not and not permit any other Loan Party to change its business objectives, purposes or operations if such activities could in any way adversely effect the repayment of the Loans or any other Debt or could reasonably be expected to result in a Material Adverse Effect. Not, and not permit any other Loan Party to, issue any Capital Securities other than (a) any issuance of shares of the Company's Common Stock pursuant to (i) a stock split approved by the Company's board of directors or (ii) any employee or director option program, benefit plan or compensation program; (b) any issuance by a Subsidiary to the Company or another Subsidiary in accordance with Section 11.4; or (c) for a merger or acquisition with the prior written consent of the Administrative Agent, which shall not be unreasonably withheld.

11.11 Investments. Except as otherwise expressly permitted by this Section 11, no Loan Party shall make or permit to exist any Investment in, any Person, except that (a) Obligors may hold investments comprised of notes payable, or stock or other securities issued by Account Debtors to any Obligor pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts in the ordinary course of business, so long as Obligors deliver physical possession of such note payable, stock or other security to the Administrative Agent along with all endorsements and stock powers requested by the Administrative Agent with respect to any such note payable, stock or security that exceeds \$1,000,000; (b) each Loan Party may maintain its existing investments in its Subsidiaries and in Titan Europe as of the Restatement Date as set forth on Schedule 11.11; (c) Obligors may on any date make Permitted Minority Investments (and once made, such Investments may be maintained), so long as, after giving effect thereto, tested only as of the date thereof and not subject to a retest due to a change in any of the following at any time thereafter: (A) the Company's Revolving Loan Excess Availability is equal to or greater than \$100,000,000, (B) the Available Amount equals or exceeds \$0 and (C) no Event of Default or Default exists or would result therefrom; (d) so long as no Default or Event of Default shall have occurred and be continuing, the Obligors' may use available unrestricted cash balances, subject to a perfected security interest in such investment in favor of the Administrative Agent (provided that with respect to investments existing on the Restatement Date, such security interest is not required to be perfected prior March 31, 2009), to acquire (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having the highest rating obtainable from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (iii) certificates of deposit, maturing no more than one year from the date of creation thereof, issued by commercial banks incorporated under the laws of the United States of America, and either (A) such certificate of deposit is fully insured by the FDIC or (B) is issued by such commercial banks, each having combined capital, surplus and undivided profits of not less than \$200,000,000 and having a senior unsecured rating of "A" or better by a nationally recognized rating agency (an "A Rated Bank"), (iv) interest or non-interest bearing

deposits and time deposits, maturing no more than 30 days from the date of creation thereof, in each case with A Rated Banks or Lenders and (v) mutual funds that invest solely in one or more of the investments described in clauses (i) through (iv) above; and (e) Obligors may hold notes payable or other indebtedness from any Foreign Subsidiary of any Loan Party, provided that (A) each such Foreign Subsidiary shall have executed and delivered to each such Obligor, a demand note (collectively, the “Intercompany Notes”) to evidence any such intercompany Indebtedness owing at any time by such Foreign Subsidiary to such Obligor, which Intercompany Notes shall be in form and substance satisfactory to the Administrative Agent and shall be pledged and delivered to the Administrative Agent pursuant to a pledge agreement or security agreement in form and content satisfactory to the Administrative Agent in its sole discretion as additional collateral security for the Obligations, (B) each Loan Party shall record all intercompany transactions on its books and records in a manner consistent with past practices, (C) at the time any such intercompany loan or advance is made by any Obligor to any Foreign Subsidiary and after giving effect thereto, each such Obligor shall be Solvent, (D) no Default or Event of Default exists or would occur and be continuing after giving effect to any such proposed intercompany loan, (E) the recipient of such intercompany loans shall be creditworthy as determined by the Administrative Agent, (F) such foreign intercompany loans do not exceed at any time, in the aggregate, the sum of \$50,000,000; and (G) the Company’s Revolving Loan Excess Availability is equal to or greater than \$100,000,000 after giving effect to such Investment.

11.12 Restriction of Amendments to Certain Documents. Not amend or otherwise modify, or waive any rights under, the Foreign Affiliate Loans, or Senior Notes if, in any case, such amendment, modification or waiver could be adverse to the interests of the Lenders.

11.13 Fiscal Year. Not change its Fiscal Year.

11.14 Financial Covenants.

11.14.1 Intentionally Omitted.

11.14.2 Fixed Charge Coverage Ratio. In the event the average daily balance of the Revolving Outstandings exceed \$125,000,000 during any 30 day period ending during any Fiscal Quarter, not permit the Fixed Charge Coverage Ratio for the Computation Period ending on the last day of such Fiscal Quarter to be less than 1.0 to 1.0.

11.14.3 Collateral Coverage. Not permit (a) the sum of the Borrowing Base, plus the unrestricted cash of all Obligors; divided by (b) the Revolving Outstandings, to be less than one and one-fifth (1.20).

11.14.4 Cancellation of Debt. Not, and not permit any other Loan Party to, cancel any claim or debt owing to it, except for reasonable consideration negotiated on an arms-length basis and in the ordinary course of business consistent with past practices and customary write downs and charge offs for bad debts consistent with past practices.

11.15 ERISA. No Loan Party shall cause or permit to occur an event which could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA or cause or permit to occur a Termination Event to the extent such Termination Event could reasonably be expected to have a Material Adverse Effect.

11.16 Inventory. Not permit Inventory of the Loan Parties having an aggregate book value exceeding Sixty Million and No/100 Dollars (\$60,000,000.00) at any time to be in a location or locations other than the Mortgaged Real Property, the Brownsville Facility, the Freeport Facility, the Bryan Facility, and that facility currently occupied by Titan Wheel Corporation of Virginia as its principal place of business.

11.17 Restricted Subsidiaries. Neither Titan Luxembourg S.A.R.L., Titan Europe nor any of their respective Subsidiaries shall (i) become Restricted Subsidiaries (as defined in the Senior Note Indenture) under the Senior Note Indenture or (ii) guaranty or directly or indirectly provide credit support for any Material Debt.

## SECTION 12 EFFECTIVENESS; CONDITIONS OF LENDING, ETC.

The effectiveness of this Agreement is subject to the following conditions precedent:

12.1 Effectiveness. The effectiveness of this Agreement is subject to the condition precedent that the Administrative Agent shall have received all of the following, each duly executed and dated the Restatement Date (or such earlier date as shall be satisfactory to the Administrative Agent), in form and substance satisfactory to the Administrative Agent (and the date on which all such conditions precedent have been satisfied or waived in writing by the Administrative Agent and the Lenders is called the "Restatement Date"):

12.1.1 Notes. A Note for each Lender.

12.1.2 Authorization Documents. For each Loan Party, such Person's (a) charter (or similar formation document), certified by the secretary of each Loan Party; (b) good standing certificates in its state of incorporation (or formation) and in each other state requested by the Administrative Agent; (c) bylaws (or similar governing document); (d) resolutions of its board of directors (or similar governing body) approving and authorizing such Person's execution, delivery and performance of the Loan Documents to which it is party and the transactions contemplated thereby; and (e) signature and incumbency certificates of its officers executing any of the Loan Documents (it being understood that the Administrative Agent and each Lender may conclusively rely on each such certificate until formally advised by a like certificate of any changes therein), all certified by its secretary or an assistant secretary (or similar officer) as being in full force and effect without modification.

12.1.3 Consents, etc. Certified copies of all documents evidencing any necessary corporate or partnership action, consents and governmental approvals (if any) required for the

execution, delivery and performance by the Loan Parties of the documents referred to in this Section 12.

12.1.4 Reaffirmation. The Reaffirmation Agreement, all other Collateral Documents, and all instruments, documents, certificates and agreements executed or delivered pursuant thereto (including intellectual property assignments and all pledged Collateral, with undated irrevocable transfer powers executed in blank, which shall be executed by each Loan Party).

12.1.5 Assignments. The Escrow Agent shall have received all payment Assignments made by the Obligors to the Administrative Agent pursuant to the Assignment of Claims Act of 1940 and all Pledged Equity and stock powers required to be delivered to the Administrative Agent pursuant to the terms of the Guaranty and Collateral Agreement.

12.1.6 Real Estate Documents. With respect to each parcel of Mortgaged Real Property, a duly executed amendment to the Mortgage, in form and substance acceptable to the Administrative Agent, together with:

(a) a date-down of the existing ALTA Loan Title Insurance Policy containing such endorsements as the Administrative Agent may reasonably require; and

(b) to the extent necessary to obtain the date-down referenced in clause (a) of this Section 12.1.6, a survey certified to the Administrative Agent for the benefit of the Lenders meeting such standards as the Administrative Agent may reasonably establish.

12.1.7 Opinions of Counsel. Opinions of counsel for each Obligor covering the laws of the state of Illinois.

12.1.8 Insurance. Evidence of the existence of insurance required to be maintained pursuant to Section 10.3(b), together with evidence that the Administrative Agent has been named as a lender's loss payee and an additional insured on all related insurance policies.

12.1.9 Subordination. A duly executed reaffirmation of the existing subordination letter with respect to the Foreign Affiliate Loans.

12.1.10 Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable under the Fee Letter on or before the Restatement Date, together with all Attorney Costs of the Administrative Agent to the extent invoiced prior to the Restatement Date, plus such additional amounts of Attorney Costs as shall constitute the Administrative Agent's reasonable estimate of Attorney Costs incurred or to be incurred by the Administrative Agent through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and the Administrative Agent).

12.1.11 Compliance. The Obligors shall be in full compliance with the terms of this Agreement and other Loan Documents and no Event of Default or Default shall have occurred or be continuing.

12.1.12 Search Results; Lien Terminations. Certified copies of Uniform Commercial Code search reports dated a date reasonably near to the Restatement Date, listing all effective financing statements which name any Obligor (under their present names and any previous names) as debtors, together with (a) copies of such financing statements and (b) such other Uniform Commercial Code termination statements as the Administrative Agent may reasonably request.

12.1.13 Filings, Registrations and Recordings. The Administrative Agent shall have received each document (including Uniform Commercial Code financing statements) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create or continue in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the collateral described therein, prior to any other Liens (subject only to Liens permitted pursuant to Section 11.2), in proper form for filing, registration or recording.

12.1.14 Borrowing Base Certificate. A Borrowing Base Certificate with an effective date as of the end of the Company's third 2008 Fiscal Quarter.

12.1.15 Closing Certificate. A certificate executed by an officer of the Company on behalf of the Company certifying the matters set forth in Section 12.2.1 as of the Restatement Date.

12.1.16 Prior Lender Consents. A consent from each Existing Lender set forth on Annex C in form satisfactory to the Administrative Agent.

12.1.17 Other. Such other documents as the Administrative Agent or any Lender may reasonably request.

12.2 Conditions. The obligation (a) of each Lender to make each Loan and (b) of the Issuing Lender to issue each Letter of Credit (including any such Loan or Letter of Credit made or issued on the Restatement Date) is subject to the following further conditions precedent that:

12.2.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any borrowing and the issuance of any Letter of Credit, the following statements shall be true and correct:

(a) the representations and warranties of each Loan Party set forth in this Agreement and the other Loan Documents shall be true and correct in all respects with the same effect as if then made (except to the extent stated to relate to a specific earlier

date, in which case such representations and warranties shall be true and correct as of such earlier date); and

(b) no Event of Default or Default shall have then occurred and be continuing.

12.2.2 Confirmatory Certificate. If requested by the Administrative Agent or any Lender, the Administrative Agent shall have received a certificate dated the date of such requested Loan or Letter of Credit and signed by a duly authorized representative of the Company as to the matters set out in Section 12.2.1 (it being understood that each request by the Company for the making of a Loan or the issuance of a Letter of Credit shall be deemed to constitute a representation and warranty by the Company that the conditions precedent set forth in Section 12.2.1 will be satisfied at the time of the making of such Loan or the issuance of such Letter of Credit), together with such other documents as the Administrative Agent or any Lender may reasonably request in support thereof.

#### SECTION 13 EVENTS OF DEFAULT AND THEIR EFFECT.

13.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

13.1.1 Non-Payment of the Loans, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five days, in the payment when due of any interest, fee, reimbursement obligation with respect to any Letter of Credit or other amount payable by the Company hereunder or under any other Loan Document.

13.1.2 Non-Payment of Other Debt. Any default shall occur which is not cured within any applicable cure period under the terms applicable to any Debt of any Loan Party in an aggregate amount (for all such Debt so affected and including undrawn committed or available amounts and amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding Ten Million and No/100 Dollars (\$10,000,000.00) and such default shall (a) consist of the failure to pay such Debt when due, whether by acceleration or otherwise, or (b) accelerate the maturity of such Debt or permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Debt to become due and payable (or require any Loan Party to purchase or redeem such Debt or post cash collateral in respect thereof) prior to its expressed maturity.

13.1.3 Other Material Obligations. Default which is not cured within any applicable cure period in the payment when due, or in the performance or observance of, any material obligation of, or condition agreed to by, any Loan Party with respect to any material purchase or lease of goods or services where such default, singly or in the aggregate with all other such defaults, might reasonably be expected to have a Material Adverse Effect.

13.1.4 Bankruptcy, Insolvency, etc. Any Loan Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay, debts as they become due; or any Loan Party applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Loan Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Loan Party or for a substantial part of the property of any thereof and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Loan Party, and if such case or proceeding is not commenced by such Loan Party, it is consented to or acquiesced in by such Loan Party, or remains for 60 days undismissed; or any Loan Party takes any action to authorize, or in furtherance of, any of the foregoing.

13.1.5 Non-Compliance with Loan Documents. (a) Failure by any Loan Party to comply with or to perform any covenant set forth in Section 10.1.5, 10.3(b), 10.5 or 10.6 or Section 11; or (b) failure by any Loan Party to comply with or to perform any other provision of this Agreement or any other Loan Document (and not constituting an Event of Default under any other provision of this Section 13) and continuance of such failure described in this clause (b) for 30 days.

13.1.6 Representations; Warranties. Any representation or warranty made by any Loan Party herein or any other Loan Document is breached or is false or misleading in any material respect, or any schedule, certificate, financial statement, report, notice or other writing furnished by any Loan Party to the Administrative Agent or any Lender in connection herewith is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

13.1.7 Pension Plans. (a) any Loan Party does not materially comply with ERISA and all other federal and local laws concerning benefit plans, or (b) there shall occur any withdrawal or partial withdrawal from a Multiemployer Pension Plan and the withdrawal liability (without unaccrued interest) to Multiemployer Pension Plans as a result of such withdrawal (including any outstanding withdrawal liability that the Company or any member of the Controlled Group have incurred on the date of such withdrawal) is material.

13.1.8 Judgments. Final judgments which could result in a Material Adverse Effect rendered against any Loan Party and shall not have been paid, discharged or vacated or had execution thereof stayed pending appeal within 90 days after entry or filing of such judgments, provided that the Party is diligently pursuing post-judgment relief.

13.1.9 Invalidity of Collateral Documents, etc. Any Collateral Document shall cease to be in full force and effect; or any Loan Party (or any Person by, through or on behalf of any

Loan Party) shall contest in any manner the validity, binding nature or enforceability of any Collateral Document.

13.1.10 Invalidity of Subordination Provisions, etc. Any subordination provision in any document or instrument governing Subordinated Debt, or any subordination provision in any guaranty by any Subsidiary of any Subordinated Debt, shall cease to be in full force and effect, or any Loan Party or any other Person (including the holder of any applicable Subordinated Debt) shall contest in any manner the validity, binding nature or enforceability of any such provision.

13.1.11 Change of Control. A Change of Control shall occur.

13.1.12 Material Adverse Effect. The occurrence of any event having a Material Adverse Effect, as reasonably determined by the Administrative Agent.

13.1.13 Intentionally Omitted.

13.2 Effect of Event of Default. If any Event of Default described in Section 13.1.4 shall occur in respect of the Company, the Commitments shall immediately terminate and the Loans and all other Obligations hereunder shall become immediately due and payable and the Company shall become immediately obligated to Cash Collateralize all L/C Obligations, all without presentment, demand, protest or notice of any kind; and, if any other Event of Default shall occur and be continuing, the Administrative Agent may (and, upon the written request of the Required Lenders shall) declare the Commitments to be terminated in whole or in part and/or declare all or any part of the Loans and all other Obligations hereunder to be due and payable and/or demand that the Company immediately Cash Collateralize all or any L/C Obligations, whereupon the Commitments shall immediately terminate (or be reduced, as applicable) and/or the Loans and other Obligations hereunder shall become immediately due and payable (in whole or in part, as applicable) and/or the Company shall immediately become obligated to Cash Collateralize the L/C Obligations (all or any, as applicable), all without presentment, demand, protest or notice of any kind. The Administrative Agent shall promptly advise the Company of any such declaration, but failure to do so shall not impair the effect of such declaration. Any cash collateral delivered hereunder shall be held by the Administrative Agent (without liability for interest thereon) and applied to the L/C Obligations as and to the extent due. After the expiration or termination of all Letters of Credit, such cash collateral shall be applied by the Administrative Agent to any remaining Obligations hereunder and any excess shall be delivered to the Company or as a court of competent jurisdiction may elect. During the existence of any Event of Default or Default the Administrative Agent shall specifically be permitted to communicate directly with the Company's certified public accountants and Company hereby authorizes and instructs those accountants to disclose such financial information as the Administrative Agent shall request.

## SECTION 14 THE ADMINISTRATIVE AGENT.

14.1 Appointment and Authorization. Each Lender hereby irrevocably (subject to Section 14.10) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

14.2 Issuing Lender. The Issuing Lender shall act on behalf of the Lenders (according to their Pro Rata Shares) with respect to any Letters of Credit issued by it and the documents associated therewith. The Issuing Lender shall have all of the benefits and immunities (a) provided to the Administrative Agent in this Section 14 with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the Issuer Documents pertaining to such Letters of Credit as fully as if the term “Administrative Agent”, as used in this Section 14, included the Issuing Lender with respect to such acts or omissions and (b) as additionally provided in this Agreement with respect to the Issuing Lender.

14.3 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct. Any decision to foreclose a Mortgaged Real Property shall require the consent of the Administrative Agent.

14.4 Exculpation of Administrative Agent. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except to the extent resulting from its own gross negligence or willful misconduct in connection with its duties expressly set forth herein as

determined by a final, nonappealable judgment by a court of competent jurisdiction), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (or the creation, perfection or priority of any Lien or security interest therein), or for any failure of the Company or any other party to any Loan Document to perform its Obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

14.5 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, electronic mail message, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, confirmation from the Lenders of their obligation to indemnify the Administrative Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon each Lender. For purposes of determining compliance with the conditions specified in Section 12, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Restatement Date specifying its objection thereto.

14.6 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Default except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Company referring to this Agreement, describing such Event of Default or Default and stating that such notice is a "notice of default". The Administrative

Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Event of Default or Default as may be requested by the Required Lenders in accordance with Section 13; provided that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Default as it shall deem advisable or in the best interest of the Lenders.

14.7 Credit Decision. Each Lender acknowledges that the Administrative Agent has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent and acceptance of any assignment or review of the affairs of the Loan Parties, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender as to any matter, including whether the Administrative Agent has disclosed material information in its possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of the Company which may come into the possession of the Administrative Agent.

14.8 Indemnification. Whether or not the transactions contemplated hereby are consummated, each Lender shall indemnify upon demand the Administrative Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), according to its applicable Pro Rata Share, from and against any and all Indemnified Liabilities (as hereinafter defined); provided that no Lender shall be liable for any payment to any such Person of any portion of the Indemnified Liabilities to the extent determined by a final, nonappealable judgment by a court of competent jurisdiction to have resulted from the applicable Person's own gross negligence or willful misconduct. No action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses

(including Attorney Costs and Taxes) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive repayment of the Loans, cancellation of the Notes, expiration or termination of the Letters of Credit, any foreclosure under, or modification, release or discharge of, any or all of the Collateral Documents, termination of this Agreement and the resignation or replacement of the Administrative Agent.

14.9 Administrative Agent in Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Loan Parties and Affiliates as though Bank of America was not the Administrative Agent hereunder and without notice to or consent of any Lender. Each Lender acknowledges that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans (if any), Bank of America and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though Bank of America was not the Administrative Agent, and the terms “Lender” and “Lenders” include Bank of America and its Affiliates, to the extent applicable, in their individual capacities.

14.10 Successor Administrative Agent. The Administrative Agent may resign upon 30 days’ notice to the Lenders. If the Administrative Agent resigns under this Agreement, the Required Lenders, with (so long as no Event of Default exists) the consent of the Company (which shall not be unreasonably withheld or delayed), shall appoint from among the Lenders a successor agent for the Lenders. If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Company, a successor agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term “Administrative Agent” shall mean such successor agent, and the retiring Administrative Agent’s appointment, powers and duties as the Administrative Agent shall be terminated. After the retiring Administrative Agent’s resignation hereunder as the Administrative Agent, the provisions of this Section 14 and Sections 15.5 and 15.16 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement. If no successor agent has accepted appointment as the Administrative Agent by the date which is 30 days following a retiring Administrative Agent’s notice of resignation, the retiring Administrative Agent’s resignation shall nevertheless thereupon become effective and

the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

14.11 Collateral Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, (a) to release any Lien granted to or held by the Administrative Agent under any Collateral Document (i) upon termination of the Commitments and payment in full of all Loans and all other obligations of the Company hereunder and the expiration or termination of all Letters of Credit; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; or (iii) subject to Section 15.1, if approved, authorized or ratified in writing by the Required Lenders or (b) to subordinate its interest in any collateral to any holder of a Lien on such collateral which is permitted by Section 11.2(d)(i) or (d)(iii) (it being understood that the Administrative Agent may conclusively rely on a certificate from the Company in determining whether the Debt secured by any such Lien is permitted by Section 11.1(a)). Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release, or subordinate its interest in, particular types or items of collateral pursuant to this Section 14.11. Each Lender hereby authorizes the Administrative Agent to give blockage notices in connection with any Subordinated Debt at the direction of Required Lenders and agrees that it will not act unilaterally to deliver such notices.

14.12 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Company) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and its respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 5, 15.5 and 15.16) allowed in such judicial proceedings; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such

payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 5, 15.5 and 15.16.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

14.13 Other Agents; Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a “syndication agent,” “documentation agent,” “co-agent,” “book manager,” “lead manager,” “arranger,” “lead arranger” or “co-arranger”, if any, shall have any right, power, obligation, liability, responsibility or duty under this Agreement and, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

## SECTION 15 GENERAL.

### 15.1 Waiver, Amendments and Replacement of Lenders.

15.1.1 Waiver and Amendments. No delay on the part of the Administrative Agent, or any Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other rights, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the other Loan Documents shall in any event be effective unless the same shall be in writing and acknowledged by Lenders having aggregate Pro Rata Shares of not less than the aggregate Pro Rata Shares expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement, by the Required Lenders, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, modification, waiver or consent shall (a) extend or increase the Commitment or Pro Rata Share of any Lender without the written consent of such Lender, (b) extend the date scheduled for payment of any principal (excluding mandatory prepayments) of or interest on the Loans or any fees payable hereunder without the written consent of each Lender directly affected thereby, (c) reduce the principal amount of any Loan, the rate of interest thereon or any fees payable hereunder, without the consent of each Lender directly affected thereby; (d) change the definition of Required Lenders, any provisions

of this Section 15.1 or reduce the aggregate Pro Rata Share required to effect an amendment, modification, waiver or consent; or (e) release all or any substantial part of any Accounts or Inventory which are included within the collateral, without, in each case, the written consent of all Lenders. No provision of Sections 6.2.2 or 6.3 with respect to the timing or application of mandatory prepayments of the Loans shall be amended, modified or waived without the consent of the Required Lenders. No party may be released from its obligations under the Guaranty nor may all or any substantial part of the collateral granted under the Collateral Documents (which is not otherwise addressed by [Section 15.1.1\(e\)](#) above) be released, without, in each case, the written consent of the Required Lenders. No provision of Section 15 or other provision of this Agreement affecting the Administrative Agent in its capacity as such shall be amended, modified or waived without the consent of the Administrative Agent. No provision of this Agreement or any Issuer Document relating to the rights or duties of the Issuing Lender in its capacity as such shall be amended, modified or waived without the consent of the Issuing Lender. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

15.1.2 Replacement of Lenders. In the event any Lender does not agree to any amendment, modification, waiver or consent that was otherwise duly approved pursuant to the terms of this Agreement (the “Dissenting Lenders”) or if any Lender is a Defaulting Lender, then, with respect to each such Dissenting Lender or Defaulting Lender (the “Terminated Lender”), the Company and/or the Administrative Agent may designate one or more financial institution, which may or may not be a Lender, which is acceptable to the Company, the Administrative Agent and the Issuing Lender in their reasonable discretion (such other bank being called a “New Lender”) to purchase the Loans of such Terminated Lenders and such Terminated Lender’s rights hereunder, without recourse to or warranty by, or expense to, such Terminated Lender, for a purchase price equal to the outstanding principal amount of the Loans payable to such Terminated Lender plus any accrued but unpaid interest on such Loans and all accrued but unpaid fees owed to such Terminated Lenders and any other amounts payable to such Terminated Lenders under this Agreement, and to assume all the obligations of such Terminated Lenders hereunder, and, upon such purchase and assumption (pursuant to an Assignment Agreement), such Terminated Lenders shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Terminated Lenders prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Company hereunder, and the New Lenders shall succeed to the rights and obligations of such Terminated Lenders hereunder. Each Terminated Lender shall sell its Loan as set forth in this [Section 15.1](#) and use reasonable efforts to cooperate therewith. An existing Lender who is not a Terminated Lender shall be an acceptable New Lender.

15.2 Confirmations. The Company and each holder of a Note agree from time to time, upon written request received by it from the other, to confirm to the other in writing (with a copy

of each such confirmation to the Administrative Agent) the aggregate unpaid principal amount of the Loans then outstanding under such Note.

15.3 Notices. Except as otherwise provided in Sections 2.2.2 and 2.2.3, all notices hereunder shall be in writing (including facsimile transmission) and shall be sent to the applicable party at its address shown on Annex B or at such other address as such party may, by written notice received by the other parties, have designated as its address for such purpose. Notices sent by facsimile transmission shall be deemed to have been given when sent; notices sent by mail shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received. For purposes of Sections 2.2.2 and 2.2.3, the Administrative Agent shall be entitled to rely on telephonic instructions from any person that the Administrative Agent in good faith believe is an authorized officer or employee of the Company, and the Company shall hold the Administrative Agent and each other Lender harmless from any loss, cost or expense resulting from any such reliance.

15.4 Computations. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified in this Agreement, be made in accordance with GAAP, consistently applied; provided that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in Section 10 (or any related definition) to eliminate or to take into account the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Section 10 (or any related definition) for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant (or related definition) is amended in a manner satisfactory to the Company and the Required Lenders.

15.5 Costs, Expenses and Taxes. The Company agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent (including Attorney Costs and any Taxes) in connection with the preparation, execution, syndication, delivery and administration (including perfection and protection of any collateral and the costs of Intralinks (or other similar service), if applicable) of this Agreement, the other Loan Documents and all other documents provided for herein or delivered or to be delivered hereunder or in connection herewith (including any amendment, supplement or waiver to any Loan Document), whether or not the transactions contemplated hereby or thereby shall be consummated, and all reasonable out-of-pocket costs and expenses (including Attorney Costs and any Taxes) incurred by the Administrative Agent and each Lender after an Event of Default in connection with the collection of the Obligations or the enforcement of this Agreement, the other Loan Documents or any such other documents or during any workout, restructuring or negotiations in respect thereof.

In addition, the Company agrees to pay, and to save the Administrative Agent and the Lenders harmless from all liability for, any fees of the Company's auditors in connection with any reasonable exercise by the Administrative Agent and the Lenders of their rights pursuant to Section 10.2. All Obligations provided for in this Section 15.5 shall survive repayment of the Loans, cancellation of the Notes, expiration or termination of the Letters of Credit and termination of this Agreement until expiration of the applicable statute of limitations period.

#### 15.6 Assignments; Participations.

15.6.1 Assignments. (a) Any Lender may at any time assign to one or more Persons (any such Person, an "Assignee") all or any portion of such Lender's Loans and Commitments, with the prior written consent of the Administrative Agent, the Issuing Lender and, so long as no Event of Default exists, the Company (which consents shall not be unreasonably withheld or delayed and shall not be required for an assignment by a Lender to a Lender or an Affiliate of a Lender). Except as the Administrative Agent may otherwise agree, any such assignment shall be in a minimum aggregate amount equal to \$5,000,000 or, if less, the remaining Commitment and Loans held by the assigning Lender. The Company and the Administrative Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned to an Assignee until the Administrative Agent shall have received and accepted an effective assignment agreement in substantially the form of Exhibit D hereto (an "Assignment Agreement") executed, delivered and fully completed by the applicable parties thereto and a processing fee of \$3,500 payable by Assignor or Assignee. No assignment may be made to any Person if at the time of such assignment the Company would be obligated to pay any greater amount under Section 7.6 or 8 to the Assignee than the Company is then obligated to pay to the assigning Lender under such Sections (and if any assignment is made in violation of the foregoing, the Company will not be required to pay such greater amounts). Any attempted assignment not made in accordance with this Section 15.6.1 shall be treated as the sale of a participation under Section 15.6.2. The Company shall be deemed to have granted its consent to any assignment requiring its consent hereunder unless the Company has expressly objected to such assignment within three Business Days after notice thereof.

(b) From and after the date on which the conditions described above have been met, (i) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights (other than its indemnification rights) and obligations hereunder. Upon the request of the Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, the Company shall execute and deliver to the Administrative Agent for delivery to the Assignee (and, as applicable, the assigning Lender) a Note in the principal amount of the Assignee's Pro Rata Share of the Revolving Commitment (and, as applicable, a Note in the principal amount of the

Pro Rata Share of the Revolving Commitment retained by the assigning Lender. Each such Note shall be dated the effective date of such assignment. Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to the Company any prior Note held by it.

(c) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(d) Notwithstanding the foregoing provisions of this Section 15.6, any lender (a “Granting Lender”), may grant to a special purpose funding vehicle (an “SPC”), identified as such in writing by the Granting Lender to the Administrative Agent and the Company, the option to provide to the Company all or any part of any Loans that such Granting Lender would otherwise be obligated to make the Company pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan; and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if such Loan were made by such Granting Lender. No SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). Any SPC may (i) with notice to, but without the prior written consent of, the Company and the Administrative Agent and without paying any processing fee therefore, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Company and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section 15.6.1(d) may not be amended without the prior written consent of each Granting Lender, all or any of whose Loans are being funded by an SPC at the time of such amendment. For the avoidance of doubt, the Granting Lender shall for all purposes, including without limitation, the approval of any amendment or waiver of any provision of any Loan Document or the obligation to pay any amount otherwise payable by the Granting Lender under the Loan Documents, continue to be the Lender of record hereunder.

15.6.2 Participations. Any Lender may at any time sell to one or more Persons participating interests in its Loans, Commitments or other interests hereunder (any such Person, a “Participant”). In the event of a sale by a Lender of a participating interest to a Participant, (a) such Lender’s obligations hereunder shall remain unchanged for all purposes, (b) the Company and the Administrative Agent shall continue to deal solely and directly with such Lender in

connection with such Lender's rights and obligations hereunder and (c) all amounts payable by the Company shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. No Participant shall have any direct or indirect voting rights hereunder except with respect to any event described in Section 15.1 expressly requiring the unanimous vote of all Lenders or, as applicable, all affected Lenders. Each Lender agrees to incorporate the requirements of the preceding sentence into each participation agreement which such Lender enters into with any Participant. The Company agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and with respect to any Letter of Credit to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; provided that such right of set-off shall be subject to the obligation of each Participant to share with the Lenders, and the Lenders agree to share with each Participant, as provided in Section 7.5. The Company also agrees that each Participant shall be entitled to the benefits of Section 7.6 or 8 as if it were a Lender (provided that on the date of the participation no Participant shall be entitled to any greater compensation pursuant to Section 7.6 or 8 than would have been paid to the participating Lender on such date if no participation had been sold and that each Participant complies with Section 7.6(d) as if it were an Assignee).

15.7 Register. The Administrative Agent shall maintain a copy of each Assignment Agreement delivered and accepted by it and register (the "Register") for the recordation of names and addresses of the Lenders and the Commitment of each Lender from time to time and whether such Lender is the original Lender or the Assignee. No assignment shall be effective unless and until the Assignment Agreement is accepted and registered in the Register. All records of transfer of a Lender's interest in the Register shall be conclusive, absent manifest error, as to the ownership of the interests in the Loans. The Administrative Agent shall not incur any liability of any kind with respect to any Lender with respect to the maintenance of the Register.

**15.8 GOVERNING LAW. THIS AGREEMENT AND EACH NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.**

15.9 Confidentiality. As required by federal law and the Administrative Agent's policies and practices, the Administrative Agent may need to obtain, verify, and record certain customer identification information and documentation in connection with opening or maintaining accounts, or establishing or continuing to provide services. The Administrative Agent and each Lender agree to use commercially reasonable efforts (equivalent to the efforts the Administrative Agent or such Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all information provided to them by any

Loan Party and designated as confidential for a period of 5 years following receipt thereof, except that the Administrative Agent and each Lender may disclose such information (a) to Persons employed or engaged by the Administrative Agent or such Lender in evaluating, approving, structuring or administering the Loans and the Commitments; (b) to any assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 15.9 (and any such assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (c) as required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as reasonably believed by the Administrative Agent or such Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advice of the Administrative Agent's or such Lender's counsel, is required by law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any litigation to which the Administrative Agent or such Lender is a party; (f) to any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender; (g) to any Affiliate of the Administrative Agent, the Issuing Lender or any other Lender who may provide Bank Products to the Loan Parties; or (h) that ceases to be confidential through no fault of the Administrative Agent or any Lender. Notwithstanding the foregoing, the Company consents to the publication by the Administrative Agent or any Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement, and the Administrative Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

15.10 Severability. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of the Company and rights of the Administrative Agent and the Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law.

15.11 Nature of Remedies. All Obligations of the Company and rights of the Administrative Agent and the Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

15.12 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written,

relating to the subject matter hereof and thereof (except as relates to the fees described in Section 5.3) and any prior arrangements made with respect to the payment by the Company of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of the Administrative Agent or the Lenders.

15.13 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. Receipt of an executed signature page to this Agreement by facsimile or other electronic transmission shall constitute effective delivery thereof. Electronic records of executed Loan Documents maintained by the Lenders shall be deemed to be originals.

15.14 Successors and Assigns. This Agreement shall be binding upon the Company, the Lenders and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of the Company, the Lenders and the Administrative Agent and the successors and assigns of the Lenders and the Administrative Agent. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. The Company may not assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of the Administrative Agent and each Lender.

15.15 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

15.16 Customer Identification - USA Patriot Act Notice. Each Lender and Bank of America (for itself and not on behalf of any other party) hereby notifies the Loan Parties that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001 (the "Act"), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or Bank of America, as applicable, to identify the Loan Parties in accordance with the Act.

**15.17 INDEMNIFICATION BY THE COMPANY. IN CONSIDERATION OF THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE ADMINISTRATIVE AGENT AND THE LENDERS AND THE AGREEMENT TO EXTEND THE COMMITMENTS PROVIDED HEREUNDER, THE COMPANY HEREBY AGREES TO INDEMNIFY, EXONERATE AND HOLD THE ADMINISTRATIVE AGENT, EACH LENDER AND EACH OF THE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES AND AGENTS OF THE ADMINISTRATIVE AGENT AND EACH LENDER (EACH A "LENDER PARTY") FREE AND HARMLESS FROM AND AGAINST ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, LOSSES, LIABILITIES, DAMAGES AND EXPENSES,**

INCLUDING ATTORNEY COSTS (COLLECTIVELY, THE “INDEMNIFIED LIABILITIES”), INCURRED BY THE LENDER PARTIES OR ANY OF THEM AS A RESULT OF, OR ARISING OUT OF, OR RELATING TO (A) ANY TENDER OFFER, MERGER, PURCHASE OF CAPITAL SECURITIES, PURCHASE OF ASSETS OR OTHER SIMILAR TRANSACTION FINANCED OR PROPOSED TO BE FINANCED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, WITH THE PROCEEDS OF ANY OF THE LOANS, (B) THE USE, HANDLING, RELEASE, EMISSION, DISCHARGE, TRANSPORTATION, STORAGE, TREATMENT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE AT ANY PROPERTY OWNED OR LEASED BY ANY LOAN PARTY, (C) ANY VIOLATION OF ANY ENVIRONMENTAL LAWS WITH RESPECT TO CONDITIONS AT ANY PROPERTY OWNED OR LEASED BY ANY LOAN PARTY OR THE OPERATIONS CONDUCTED THEREON, (D) THE INVESTIGATION, CLEANUP OR REMEDIATION OF OFFSITE LOCATIONS AT WHICH ANY LOAN PARTY OR THEIR RESPECTIVE PREDECESSORS ARE ALLEGED TO HAVE DIRECTLY OR INDIRECTLY DISPOSED OF HAZARDOUS SUBSTANCES OR (E) THE EXECUTION, DELIVERY, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT BY ANY OF THE LENDER PARTIES, EXCEPT FOR ANY SUCH INDEMNIFIED LIABILITIES ARISING ON ACCOUNT OF CLAIMS AMONG OR BETWEEN THE LENDERS (EXCEPT UPON THE OCCURRENCE OF A DEFAULT OR EVENT OF DEFAULT) OR THE APPLICABLE LENDER PARTY’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION. IF AND TO THE EXTENT THAT THE FOREGOING UNDERTAKING MAY BE UNENFORCEABLE FOR ANY REASON, THE COMPANY HEREBY AGREES TO MAKE THE MAXIMUM CONTRIBUTION TO THE PAYMENT AND SATISFACTION OF EACH OF THE INDEMNIFIED LIABILITIES WHICH IS PERMISSIBLE UNDER APPLICABLE LAW. ALL OBLIGATIONS PROVIDED FOR IN THIS SECTION 15.17 SHALL SURVIVE REPAYMENT OF THE LOANS, CANCELLATION OF THE NOTES, EXPIRATION OR TERMINATION OF THE LETTERS OF CREDIT, ANY FORECLOSURE UNDER, OR ANY MODIFICATION, RELEASE OR DISCHARGE OF, ANY OR ALL OF THE COLLATERAL DOCUMENTS AND TERMINATION OF THIS AGREEMENT. UNTIL THE EXPIRATION OF THE APPLICABLE STATUTE OF LIMITATIONS PERIOD.

15.18 Nonliability of Lenders. The relationship between the Company on the one hand and the Lenders and Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Loan Parties, on the one hand, and the Administrative Agent and the Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor. Neither the Administrative Agent nor any Lender undertakes any responsibility to any Loan Party to review or inform any Loan Party of any matter in

connection with any phase of any Loan Party's business or operations. The Company agrees, on behalf of itself and each other Loan Party, that neither the Administrative Agent nor any Lender shall have liability to any Loan Party (whether sounding in tort, contract or otherwise) for losses suffered by any Loan Party in connection with, arising out of, or in any way related to the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. **NO LENDER PARTY SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY OTHERS OF ANY INFORMATION OR OTHER MATERIALS OBTAINED THROUGH INTRALINKS OR OTHER SIMILAR INFORMATION TRANSMISSION SYSTEMS IN CONNECTION WITH THIS AGREEMENT, NOR SHALL ANY LENDER PARTY HAVE ANY LIABILITY WITH RESPECT TO, AND THE COMPANY ON BEHALF OF ITSELF AND EACH OTHER LOAN PARTY, HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ARISING OUT OF ITS ACTIVITIES IN CONNECTION HERewith OR THEREWITH (WHETHER BEFORE OR AFTER THE RESTATEMENT DATE).** The Company acknowledges that it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party. No joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Loan Parties and the Lenders.

**15.19 FORUM SELECTION AND CONSENT TO JURISDICTION.** ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE ADMINISTRATIVE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN

**ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.**

**15.20 WAIVER OF JURY TRIAL. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

15.21 Return of Old Notes. Upon the Restatement Date, the Existing Lenders shall cancel and return to the Company the notes which were originally delivered to the Existing Lenders under the Existing Credit Agreement.

15.22 Amendment and Restatement.

(a) On the Restatement Date, the Existing Credit Agreement shall be amended, restated and superseded in its entirety. The parties hereto acknowledge and agree that (i) this Agreement, any Notes delivered pursuant to Section 3.1 and the other Loan Documents executed and delivered in connection herewith do not constitute a novation, payment and reborrowing, or termination of the “Obligations” (as defined in the Existing Credit Agreement) under the Existing Credit Agreement as in effect prior to the Restatement Date; (ii) such “Obligations” are in all respects continuing with only the terms thereof being modified as provided in this Agreement; (iii) the Liens as granted under the Collateral Documents securing payment of such “Obligations” are in all respects continuing and in full force and effect and secure the payment of the Obligations (as defined in this Agreement) and are hereby fully ratified and affirmed; and (iv) upon the effectiveness of this Agreement all loans and letters of credit outstanding under the Existing Credit Agreement immediately before the effectiveness of this Agreement will be part of the Loans and Letters of Credit hereunder on the terms and conditions set forth in this Agreement. Without limitation of the foregoing, each of the Company and each other Loan Party hereby fully and unconditionally ratifies and affirms all Collateral Documents and agrees that all collateral granted thereunder shall from and after the Restatement Date secure all Obligations hereunder.

(b) On and after the Restatement Date, (i) each reference in the Loan Documents to the “Credit Agreement”, “thereunder”, “thereof” or similar words referring to the Credit Agreement shall mean and be a reference to this Agreement and (ii) each

reference in the Loan Documents to a “Note” shall mean and be a Note as defined in this Agreement.

(c) Each Lender consents to the payment by the Company on the Restatement Date of all outstanding Obligations owing to the Existing Lenders set forth on Annex C.

(d) Each Lender represents and warrants to the Administrative Agent and the Company that such Lender is not a Defaulting Lender as of the Restatement Date.

[signature pages follow]

The parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first set forth above.

TITAN INTERNATIONAL, INC.

By: /s/ TITAN INTERNATIONAL, INC.

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BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ BANK OF AMERICA, N.A.

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BANK OF AMERICA, N.A., as Issuing Lender and as a Lender

By: /s/ BANK OF AMERICA, N.A.

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WELLS FARGO BANK, N.A., as Lender

By: /s/ WELLS FARGO BANK, N.A.

---

THE PRIVATEBANK AND TRUST COMPANY, as Lender

By: /s/ THE PRIVATEBANK ANDTRUST COMPANY

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FIRST BANK OF HIGHLAND PARK, as Lender

By: /s/ FIRST BANK OF HIGHLAND PARK

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FIRST TENNESSEE BANK NATIONAL ASSOCIATION, as Lender

By: /s/ FIRST TENNESSEE BANK NATIONAL ASSOCIATION

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BUSEY BANK, as Lender

By: /s/ BUSEY BANK

---

UMB BANK, n.a., as Lender

By: /s/ UMB BANK

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## ANNEX A

## LENDERS AND PRO RATA SHARES

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Lender	Revolving Commitment Amount	Pro Rata Share
Bank of America, N.A.	\$55,000,000.00	36.666666667%
Wells Fargo Bank, N.A.	\$30,000,000.00	20.000000000%
The PrivateBank and Trust Company	\$20,000,000.00	13.333333333%
First Bank of Highland Park	\$15,000,000.00	10.000000000%
First Tennessee Bank National Association	\$10,000,000.00	6.666666667%
Busey Bank	\$10,000,000.00	6.666666667%
UMB Bank, n.a.	\$10,000,000.00	6.666666667%
TOTALS	\$150,000,000	100%

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ANNEX B

ADDRESSES FOR NOTICES

TITAN INTERNATIONAL, INC.  
2701 Spruce Street  
Quincy, Illinois 62301

Attention: Cheri T. Holley  
Telephone: 217-221-4484  
Facsimile: 217-228-3040

BANK OF AMERICA, N.A., as Administrative Agent, Issuing Lender and a Lender

Notices of Borrowing, Conversion, Continuation and Letter of Credit Issuance

135 South LaSalle Street  
Suite 640  
Mail Code: IL4-135-06-40  
Chicago, Illinois 60603  
Attention: Linda P. Dunlap  
Telephone: (980) 388-4257  
Telephone: (866) 826-9729  
Facsimile: (704) 409-0065  
Email: [linda.p.dunlap@bankofamerica.com](mailto:linda.p.dunlap@bankofamerica.com)

Letter of Credit Issuance

1000 W Temple Street  
Mail Code: CA9-705-07-05  
Los Angeles CA 90012-1514  
Attention: Stella Rosales, AVP / Trade Finance Service Center Coordinator  
Standby L/C Dept., Los Angeles  
Telephone: (213) 481-7828  
Facsimile: (213) 457-8841  
Email: [stella.rosales@bankofamerica.com](mailto:stella.rosales@bankofamerica.com)

Back-up

1000 W Temple Street  
Mail Code: CA9-705-07-05  
Los Angeles CA 90012-1514  
Attention: Bolivar G. Carrillo, AVP / Trade Finance Service Center Coordinator  
Standby L/C Dept., Los Angeles  
Telephone: (213) 481-7842  
Facsimile: (213) 457-8841

Email: [bolivar.carrillo@bankofamerica.com](mailto:bolivar.carrillo@bankofamerica.com)

All Other Notices

231 South LaSalle Street  
Suite 1041  
Mail Code: IL1-231-10-41  
Chicago, Illinois 60604  
Attention: Maria Coronado  
Telephone: (312) 828-3727  
Facsimile: (206) 585-9618  
Email: [maria.m.coronado@bankofamerica.com](mailto:maria.m.coronado@bankofamerica.com)

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ANNEX C  
PRIOR LENDERS

JPMorgan Chase Bank, N.A.

First Bank

CoBank, ACB

Charter One Bank, NA

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SCHEDULE 1.1  
IMMATERIAL SUBSIDIARIES

- Automation International, Inc.
  - Automotive Wheels, Inc.
  - Dico, Inc.
  - Dyneer Corporation
  - Nieman's, Ltd.
  - Titan Distribution, Inc.
  - Titan Investment Corporation
  - Titan Marketing Services, Inc.
  - Titan Tire Corporation of Natchez
  - Titan Tire Corporation of Texas
  - Titan Wheel Corporation of Iowa
  - Titan Wheel Corporation of South Carolina
-

Schedule 2.3.5 Existing Letters of Credit

**Titan International, Inc.**

As of January 26, 2009

<u>Beneficiary</u>	<u>Applicant</u>	<u>Letter of Credit - Type</u>	<u>Amount</u>
The Goodyear Tire & Rubber Company	Titan Tire Corporation	Irrevocable Standby Letter of Credit	<u>\$ 5,000,000</u>
		Total	<u><u>\$ 5,000,000</u></u>

**SCHEDULE 9.6**

**Litigation and Contingent Liabilities**

NONE

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## SCHEDULE 9.8

### SUBSIDIARIES

#### Titan International, Inc.

Outstanding Stock:

Publicly traded on the NYSE under symbol TWI

Subsidiaries:

Name of Subsidiary	% of Ownership
1. Titan Wheel Corporation of Illinois	100%
2. Titan Wheel Corporation of Virginia	100%
3. Titan Investment Corporation	100%

#### Titan Wheel Corporation of Illinois

Outstanding Stock:

10,000 shares authorized – 1,000 shares issued to Titan International, Inc.

Subsidiaries:

Name of Subsidiary	% of Ownership
1. None	N/A

#### Titan Wheel Corporation of Virginia

Outstanding Stock:

10,000 shares authorized – 1,000 shares issued to Titan International, Inc.

Subsidiaries:

Name of Subsidiary	% of Ownership
1. None	N/A

#### Titan Investment Corporation

Outstanding Stock:

1,000,000 shares authorized – 1,000 shares issued to Titan International, Inc.

Subsidiaries:

Name of Subsidiary	% of Ownership
1. Titan Tire Corporation	100%

Titan Tire Corporation

Outstanding Stock:

10,000,000 shares authorized – 10,000 shares issued to Titan Investment Corporation

Subsidiaries:

<b>Name of Subsidiary</b>	<b>% of Ownership</b>
1. Titan Tire Corporation of Freeport	100%
2. Titan Tire Corporation of Bryan	100%

Titan Tire Corporation of Freeport

Outstanding Stock:

10,000 shares authorized – 1,000 shares issued to Titan Tire Corporation

Subsidiaries:

<b>Name of Subsidiary</b>	<b>% of Ownership</b>
1. None	N/A

Titan Tire Corporation of Bryan

Outstanding Stock:

1,000 shares authorized – 100 shares issued to Titan Tire Corporation

Subsidiaries:

<b>Name of Subsidiary</b>	<b>% of Ownership</b>
1. None	N/A

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**SCHEDULE 9.13**

**Solvency**

NONE

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**Schedule 9.15**  
**Titan International Inc.**  
**Insurance Renewal**  
**Information**

<b>Line of Coverage</b>	<b>Coverage Period</b>	<b>Limit</b>	<b>Deductible/Retention</b>	<b>Carrier</b>	<b>Premium</b>
Property	08/01/08 - 08/01/09	\$250,000,000	\$250,000	Starr Tech	\$1,002,380
Property	08/01/08 - 08/01/09	\$200,000,000		Lloyd's, IRI	\$300,000
General Liability/Products Liability	07/01/08 - 07/01/09	\$1,000,000 per occurrence \$2,000,000 General Aggregate \$2,000,000 Products Aggregate	\$250,000	Liberty Surplus	\$518,000
Umbrella - Including Products	07/01/08 - 07/01/09	\$5,000,000 per occurrence/agg	\$0	CV Starr	\$265,000
Pollution legal Liability	08/01/06 - 08/01/11	\$5,000,000	\$250,000	AIG	\$148,860
					<b>\$2,234,240</b>

**SCHEDULE 9.16**

**REAL PROPERTY**

Titan International, Inc.

Owned: 2701 Spruce Street, Quincy, IL 62301  
1477 Maine Street, Quincy, IL 62301

Titan Tire Corporation

Owned: 2345 E. Market Street, Des Moines, IA 50317  
2140 Waldrep Industrial Parkway, Dublin, GA 31021

Leased: 1360 Joe Frank Harris Parkway, Cartersville, GA 30120  
1385 Valentine Industrial Parkway, Pendergrass, GA 30567

Titan Wheel Corporation of Illinois

Leased: 601 North Main Street, East Peoria, IL 61611

Titan Wheel Corporation of Saltville

Owned: 227 Allison Gap Road, Saltville, VA 24370 (building)

Leased: 227 Allison Gap Road, Saltville, VA 24370 (land)

Titan Investment Corporation

Owned: None

Leased: None

Titan Tire Corporation of Freeport

Owned: 3769 Route 20 East, Freeport, IL 61032

Leased: 611 West Lamm Road, Freeport, IL 61032

Titan Tire Corporation of Bryan

Owned: 927 South Union Street, Bryan, OH 43506

**SCHEDULE 9.20**

**LABOR MATTERS**

Collective Bargaining Agreement between Titan Tire Corporation and United Steelworkers of America Local 164

Collective Bargaining Agreement between Titan Tire Corporation of Freeport and United Steelworkers of America Local 745

Collective Bargaining Agreement between Titan Tire Corporation of Bryan and United Steelworkers of America Local 890L

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SCHEDULE 9.23 TO CREDIT AGREEMENT

TITAN INTERNATIONAL, IINC.  
 ASSETS OF IMMATERIAL SUBSIDIARIES  
 SEPTEMBER 30, 2008  
 (Amounts in thousands)

	Property, Plant & Equipment	Goodwill	Other Assets	Total
Dyneer Corporation	\$ -	\$ 9,180	\$ -	\$ 9,180
Titan Tire Corporation of Texas	5,344	-	-	5,344
Automotive Wheels, Inc.	1,826	-	2,700	4,526
Nieman's, Ltd.	-	2,522	876	3,398
Titan Marketing Services, Inc.	1,329	-	1,676	3,005
Dico, Inc.	1,621	-	539	2,160
Titan Wheel Corporation of Iowa	1,910	-	-	1,910
Titan Wheel Corporation of South Carolina	1,768	-	-	1,768
Titan Tire Corporation of Natchez	1,165	-	-	1,165
Titan Distribution, Inc.	-	-	25	25
Titan Investment Corporation	-	-	20	20
Automation International, Inc.	-	-	-	-
	\$ 14,963	\$ 11,702	\$ 5,836	\$ 32,501

**SCHEDULE 11.1**

**TITAN INTERNATIONAL, INC. & SUBSIDIARIES  
LIST OF OUTSTANDING DEBT  
JANUARY 26, 2009  
(Amounts in US dollars)**

<u>Amount</u>	<u>Description</u>
\$200,000,000	Senior unsecured notes due January 2012
<u>25,000,000</u>	Revolving credit facility
<u>\$225,000,000</u>	Total Outstanding Debt

**Schedule 11.2 to the  
CREDIT AGREEMENT  
SEPTEMBER 30, 2008  
UNAUDITED**

Existing Liens

1. Lien on various printers and multifunction copiers in favor of Ikon Office Solutions
  2. Lien on AS400 computers in favor of IBM
  3. Lien on Falcon 10 airplanes in favor of AVN Air LLC
  4. Lien on building in Cartersville, GA, in favor of B & B Realty LLC
  5. Lien on building in Elko, NV, in favor of Robert Hecht
  6. Lien on building in Pendergrass, GA, in favor of Rooker/Valentine LLC
-

SCHEDULE 11.7

TITAN INTERNATIONAL, INC.  
TRANSACTIONS WITH AFFILIATES  
SEPTEMBER 30, 2008  
(Amounts in US dollars, rounded to nearest thousand)

Accounts Receivable Due from Affiliates

<u>Amount</u>	<u>Due from</u>
<u>Titan Tire Corporation</u> \$4,105,000	Titan Europe Plc subsidiaries
<u>Titan Wheel Corporation of Illinois</u> 222,000	Titan Europe Plc subsidiaries
<u>Titan Wheel Corporation of Virginia</u> 1,014,000	Titan Europe Plc subsidiaries
<u>\$5,341,000</u>	Total accounts receivable due from affiliates

---



EXHIBIT A

FORM OF  
NOTE

January 30, 2009  
Chicago, Illinois

\$ \_\_\_\_\_

The undersigned, for value received, promises to pay to the order of \_\_\_\_\_ (the "Lender") at the principal office of Bank of America, N.A. (the "Administrative Agent") in Chicago, Illinois the aggregate unpaid amount of all Loans made to the undersigned by the Lender pursuant to the Credit Agreement referred to below (as shown on the schedule attached hereto (and any continuation thereof) or in the records of the Lender), such principal amount to be payable on the dates set forth in the Credit Agreement.

The undersigned further promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such Loan is paid in full, payable at the rate(s) and at the time(s) set forth in the Credit Agreement. Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Amended and Restated Credit Agreement, dated as of January 30, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms not otherwise defined herein are used herein as defined in the Credit Agreement), among the undersigned, certain financial institutions (including the Lender) and the Administrative Agent, to which Credit Agreement reference is hereby made for a statement of the terms and provisions under which this Note may or must be paid prior to its due date or its due date accelerated.

This Note is made under and governed by the laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

**TITAN INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

To: Bank of America, N.A., as Administrative Agent

Please refer to the Amended and Restated Credit Agreement dated as of January 30, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Titan International, Inc. (the "Company"), various financial institutions and Bank of America, N.A., as Administrative Agent. Terms used but not otherwise defined herein are used herein as defined in the Credit Agreement.

- I. Reports. Enclosed herewith is a copy of the [annual audited/quarterly/monthly] report of the Company as at \_\_\_\_\_, \_\_\_\_ (the "Computation Date"), which report fairly presents in all material respects the financial condition and results of operations [(subject to the absence of footnotes and to normal year-end adjustments)] of the Company as of the Computation Date and has been prepared in accordance with GAAP consistently applied.
- II. No Default. The undersigned hereby certifies that he/she has no knowledge of, the existence of any condition or event which constitutes a Default or an Event of Default during or at the end of the accounting period covered by the enclosed report or as of the date of this Certificate, except [described in detail the nature of the condition or event, the period during which it existed, and the action which Company and its Subsidiaries have taken, are taking, or propose to take with respect to each such condition or event].
- III. Financial Tests. The Company hereby certifies and warrants to you that the following is an accurate computation, in accordance with the terms of the Credit Agreement, as at the Computation Date, of the following ratios and/or financial restrictions contained in the Credit Agreement:

[REVISE AS APPROPRIATE]

A. **Intentionally Omitted.**

B. **Section 11.14.2 - Minimum Fixed Charge Coverage Ratio**

1. Highest Average Daily Balance of Revolving Outstandings \$ \_\_\_\_\_  
(if the average daily balance of Revolving Outstandings is less than \$125,000,000 during all 30 day periods ending during the quarter, this calculation is not needed)
  2. EBITDA \$ \_\_\_\_\_
  3. Income taxes paid \$ \_\_\_\_\_
-

4.	Capital Expenditures	\$ _____
5.	Sum of (3) and (4)	\$ _____
6.	Remainder of (2) minus (5)	\$ _____
7.	Interest Expense	\$ _____
8.	Required payments of principal of Funded Debt (excluding Revolving Loans)	\$ _____
9.	Sum of (7) and (8)	\$ _____
10.	Ratio of (6) to (9)	_____ to 1
11.	Minimum Required	1.0 to 1.0

**C. Section 11.14.3 - Minimum Collateral Coverage Ratio**

1.	Borrowing Base Amount	\$ _____
2.	Unrestricted Cash of Obligors	\$ _____
3.	Sum of (1) and (2)	\$ _____
4.	Revolving Outstandings	\$ _____
5.	Ratio of (3) to (4)	_____ to 1
4.	Minimum required	1.20 to 1

The Company has caused this Certificate to be executed and delivered by its duly authorized officer on \_\_\_\_\_, 20\_\_.

TITAN INTERNATIONAL, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT C

**FORM OF BORROWING BASE CERTIFICATE**

To: Bank of America, N.A., as Administrative Agent

Please refer to the Amended and Restated Credit Agreement dated as of January 30, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Titan International, Inc. (the "Company"), various financial institutions and Bank of America, N.A., as Administrative Agent. This certificate (this "Certificate"), together with supporting calculations attached hereto, is delivered to you pursuant to the terms of the Credit Agreement. Capitalized terms used but not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Company hereby certifies and warrants to the Administrative Agent and the Lenders that (a) at the close of business on \_\_\_\_\_, \_\_\_\_ (the "Calculation Date"), the Borrowing Base was \$ \_\_\_\_\_, computed as set forth on the schedule attached hereto; (b) the information contained herein and on the schedule attached hereto is true and correct in all material respects regarding the status of Eligible Accounts and Eligible Inventory; (c) the amounts reflected herein and on the schedule attached hereto are in compliance with the provisions of the Credit Agreement; and (d) there is no Default or Event of Default and all representations and warranties contained in the Credit Agreement and other Loan Documents are true and correct in all material respects. The undersigned understands that the Lenders will extend loans in reliance upon the information contained herein. In the event of a conflict between the summary of eligibility criteria on the attached schedule and the definitions of Eligible Accounts and Eligible Inventory contained in the Credit Agreement, the Credit Agreement shall govern.

The Company has caused this Certificate to be executed and delivered by its officer thereunto duly authorized on \_\_\_\_\_, \_\_\_\_\_.

TITAN INTERNATIONAL, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE TO BORROWING BASE CERTIFICATE

Dated as of [ \_\_\_\_\_ ]

1.	Gross Accounts		\$ _____
2.	Less Ineligibles		
	- Administrative Agent's Lien Not Perfected	\$ _____	
	- Subject to other Lien	\$ _____	
	- Subject to Offset, etc.	\$ _____	
	- Non-permitted Account Debtor not in U.S.	\$ _____	
	- Non-permitted Affiliate Receivables	\$ _____	
	- Non-assignable	\$ _____	
	- Other	\$ _____	
	- Total		\$ _____
3.	Eligible Accounts [ <i>Item 1 minus Item 2</i> ]		\$ _____
4.	Item 3 times 75%		\$ _____
5.	Gross Inventory		\$ _____
6.	Less Ineligibles		
	- Administrative Agent's Lien Not Perfected	\$ _____	
	- Subject to other Lien	\$ _____	
	- Not Salable	\$ _____	
	- In Excess of \$30,000,000 Located Off-Site	\$ _____	
	- Reserve for Amounts Due Third Parties		
	Holding Collateral Off-Site	\$ _____	
	- Not located in U.S.	\$ _____	
	- Other	\$ _____	
	- Total		\$ _____
7.	Eligible Inventory [ <i>Item 5 minus Item 6</i> ]		\$ _____
8.	Item 7 times 50%		\$ _____
9.	Orderly Liquidation Value of Equipment		\$ _____
10.	Item 9 times 80%		\$ _____
11.	Borrowing Base <i>Item 4 plus Item 8 plus Item 10</i>		\$ _____
12.	Revolving Loan Availability (lesser of Item 11 and the Revolving Commitment)		\$ _____

13. Revolving Outstandings (includes L/C Obligations) \$ \_\_\_\_\_

14. Availability  
[Excess of Item 12 over Item 13] \$ \_\_\_\_\_

15. Required Prepayment  
[Excess of Item 13 over Item 12] \$ \_\_\_\_\_

**Determination of Availability Percentage**

A. Borrowing Base Amount (Item 11) \$ \_\_\_\_\_

B. Portion of Borrowing Base attributable to Equipment (Item 10) \$ \_\_\_\_\_

C. Adjusted Borrowing Base  
(Item A minus Item B) \$ \_\_\_\_\_

D. Revolving Outstandings (Item 13) \$ \_\_\_\_\_

E. Availability Percentage  
(Item D divided by Item C) \_\_\_\_\_ %

EXHIBIT D

FORM OF  
ASSIGNMENT AGREEMENT

Date: \_\_\_\_\_

To: Titan International, Inc.

and

Bank of America, N.A. as Administrative Agent

Re: Assignment under the Credit Agreement referred to below

Gentlemen and Ladies:

Please refer to Section 15.6.1 of the Amended and Restated Credit Agreement dated as of January 30, 2009 (as further amended or otherwise modified from time to time, the "Credit Agreement") among Titan International, Inc. (the "Company"), various financial institutions and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

\_ (the "Assignor") hereby sells and assigns, without recourse, to \_ (the "Assignee"), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to \_% of all of the Loans, of the participation interests in the L/C Obligations and of the Commitments, such sale, purchase, assignment and assumption to be effective as of \_ \_\_\_\_, or such later date on which the Company and the Administrative Agent shall have consented hereto (the "Effective Date"). After giving effect to such sale, purchase, assignment and assumption, the Assignee's and the Assignor's respective Pro Rata Shares for purposes of the Credit Agreement will be as set forth opposite their names on the signature pages hereof.

The Assignor hereby instructs the Administrative Agent to make all payments from and after the Effective Date in respect of the interest assigned hereby directly to the Assignee. The Assignor and the Assignee agree that all interest and fees accrued up to, but not including, the Effective Date are the property of the Assignor, and not the Assignee. The Assignee agrees that, upon receipt of any such interest or fees, the Assignee will promptly remit the same to the Assignor.

The Assignor represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim.

The Assignee represents and warrants to the Company and the Administrative Agent that, as of the date hereof, the Company will not be obligated to pay any greater amount under Section 7.6 or 8 of the Credit Agreement than the Company is obligated to pay to the Assignor under such Section. The Assignee has delivered, or is delivering concurrently herewith, to the Company and the Administrative Agent the forms required by Section 7.6 of the Credit Agreement. [INSERT IF ASSIGNEE IS ORGANIZED UNDER THE LAWS OF A JURISDICTION OTHER THAN THE UNITED STATES OF AMERICA OR A STATE THEREOF.] The [Assignee/Assignor][Company] shall pay the fee payable to the Administrative Agent pursuant to Section 15.6.1.

The Assignee hereby confirms that it has received a copy of the Credit Agreement. Except as otherwise provided in the Credit Agreement, effective as of the Effective Date:

- (a) the Assignee (i) shall be deemed automatically to have become a party to the Credit Agreement and to have all the rights and obligations of a "Lender" under the Credit Agreement as if it were an original signatory thereto to the extent specified in the second paragraph hereof; and (ii) agrees to be bound by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto; and
- (b) the Assignor shall be released from its obligations under the Credit Agreement to the extent specified in the second paragraph hereof.

The Assignee hereby advises each of you of the following administrative details with respect to the assigned Loans and Commitment:

(A) Institution Name:

Address:

Attention:

Telephone:

Facsimile:

(B) Payment Instructions:

This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois.

Please evidence your receipt hereof and your consent to the sale, assignment, purchase and assumption set forth herein by signing and returning counterparts hereof to the Assignor and the Assignee.

Percentage = \_\_\_%

[ASSIGNEE]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Adjusted Percentage = \_\_\_%

[ASSIGNOR]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGED AND CONSENTED TO  
this \_\_\_ day of \_\_\_\_\_, \_\_\_\_

BANK OF AMERICA, N.A., as Administrative Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGED AND CONSENTED TO  
this \_\_\_ day of \_\_\_\_\_,

TITAN INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT E

FORM OF NOTICE OF BORROWING

To: Bank of America, N.A., as Administrative Agent

Please refer to the Amended and Restated Credit Agreement dated as of January 30, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Titan International, Inc. (the "Company"), various financial institutions and Bank of America, N.A., as the Administrative Agent. Terms used but not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned hereby gives irrevocable notice, pursuant to Section 2.2.2 of the Credit Agreement, of a request hereby for a borrowing as follows:

- (i) The requested borrowing date for the proposed borrowing (which is a Business Day) is \_\_\_\_\_, \_\_\_\_.
- (ii) The aggregate amount of the proposed borrowing is \$ \_\_\_\_\_.
- (iii) The Type of Revolving Loans comprising the proposed borrowing are [Base Rate] [LIBOR] Loans.
- (iv) The duration of the Interest Period for each LIBOR Loan made as part of the proposed borrowing, if applicable, is \_\_\_\_\_ months (which shall be 1, 2, or 3 months).
- (v) The Revolving Loan Availability less the Revolving Outstandings, determined based upon the most recent Borrowing Base Certificate, is \$ \_\_\_\_\_.

The undersigned hereby certifies that on the date hereof and on the date of borrowing set forth above, and immediately after giving effect to the borrowing requested hereby: (i) there exists and there shall exist no Default or Event of Default under the Credit Agreement; and (ii) each of the representations and warranties contained in the Credit Agreement and the other Loan Documents is true and correct as of the date hereof, except to the extent that such representation or warranty expressly relates to another date and except for changes therein expressly permitted or expressly contemplated by the Credit Agreement.

The Company has caused this Notice of Borrowing to be executed and delivered by its officer thereunto duly authorized on \_\_\_\_\_, \_\_\_\_.

TITAN INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT F

FORM OF NOTICE OF CONVERSION/CONTINUATION

To: Bank of America, N.A., as Administrative Agent

Please refer to the Amended and Restated Credit Agreement dated as of January 30, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Titan International, Inc. (the "Company"), various financial institutions and Bank of America, N.A., as the Administrative Agent. Terms used but not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned hereby gives irrevocable notice, pursuant to Section 2.2.3 of the Credit Agreement, of its request to:

(a) on [ date ] convert \$[ ] of the aggregate outstanding principal amount of the [ ] Loan, bearing interest at the [ ] Rate, into a(n) [ ] Loan [and, in the case of a LIBOR Loan, having an Interest Period of [ ] month(s)];

[(b) on [ date ] continue \$[ ] of the aggregate outstanding principal amount of the [ ] Loan, bearing interest at the LIBOR Rate, as a LIBOR Loan having an Interest Period of [ ] month(s)].

The undersigned hereby represents and warrants that all of the conditions contained in Section 12.2 of the Credit Agreement have been satisfied on and as of the date hereof, and will continue to be satisfied on and as of the date of the conversion/continuation requested hereby, before and after giving effect thereto.

The Company has caused this Notice of Conversion/Continuation to be executed and delivered by its officer thereunto duly authorized on \_\_\_\_\_, \_\_\_\_\_.

TITAN INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**TITAN INTERNATIONAL, INC.  
SUBSIDIARIES**

<b>Name</b>	<b>Jurisdiction of Incorporation</b>
Dyneer Corporation	Delaware
Titan Tire Corporation	Illinois
Titan Tire Corporation of Bryan	Ohio
Titan Tire Corporation of Freeport	Illinois
Titan Wheel Corporation of Illinois	Illinois

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-71788 and No. 33-80306) of Titan International, Inc. of our report dated February 25, 2010 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K. We also consent to the reference to us under the heading "Selected Financial Data" in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
St. Louis, MO  
February 25, 2010

**CERTIFICATION**

I, Maurice M. Taylor Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Titan International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Date:** February 25, 2010

**By:** /s/ MAURICE M. TAYLOR JR.

Maurice M. Taylor Jr.  
Chief Executive Officer and Chairman  
(Principal Executive Officer)

**CERTIFICATION**

I, Kent W. Hackamack, certify that:

1. I have reviewed this annual report on Form 10-K of Titan International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Date:** February 25, 2010

**By:** /s/ KENT W. HACKAMACK

Kent W. Hackamack  
Vice President of Finance and Treasurer  
(Principal Financial Officer)

**CERTIFICATION**

In connection with the Annual Report of Titan International, Inc. on Form 10-K for the period ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies that, to the best of their knowledge, this Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

**TITAN INTERNATIONAL, INC.**  
**(Registrant)**

**Date:** February 25, 2010

**By:** /s/ MAURICE M. TAYLOR JR.

Maurice M. Taylor Jr.  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**By:** /s/ KENT W. HACKAMACK

Kent W. Hackamack  
Vice President of Finance and Treasurer  
(Principal Financial Officer)