

TITAN INTERNATIONAL INC

Form S-4

January 22, 2007

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As filed with the Securities and Exchange Commission on January 19, 2007
Registration No. 333-

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

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Titan International, Inc.

(Exact name of registrant as specified in its charter)

Illinois

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

3312

*(Primary Standard Industrial
Classification Code Number)*

36-3228472

*(I.R.S. Employer
Identification Number)*

Titan International, Inc.

2701 Spruce Street

Quincy, IL 62301

(217) 228-6011

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Cheri T. Holley

Vice President, Secretary and General Counsel

Titan International, Inc.

2701 Spruce Street

Quincy, IL 62301

(217) 228-6011

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Bodman LLP
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(313) 259-7777

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New York, New York 10022
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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee(4)
Common Stock, no par value	6,577,200	\$20.19	\$132,793,668	\$14,209

(1) This Registration Statement registers the maximum number of shares of the Registrant's common stock, no par value, that may be issued in connection with the conversion offer by the Registrant for up to \$81,200,000 aggregate principal amount of the Registrant's outstanding 5.25% Senior Convertible Notes due 2009 (the Securities). Pursuant to Rule 416 of the Securities Act of 1933, as amended (the Securities Act), such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued or become issuable in connection with stock splits, stock dividends, recapitalizations or similar events.

(2) Calculated by dividing the proposed maximum aggregate offering price of \$132,793,668 by 6,577,200, which is the maximum number of shares of common stock that may be issued pursuant to the conversion offer.

(3)

Estimated solely for purpose of calculating the registration fee pursuant to Rules 457(c) and (f)(1) under the Securities Act of 1933 based on the product of (i) \$20.19, which is the average of the high and low prices per share for the Registrant's common stock on January 12, 2007, and (ii) 6,577,200, which represents the maximum number of shares of the Registrant's common stock that may be issued in connection with the conversion of \$81,200,000 aggregate principal amount of the Securities.

- (4) The amount of the filing fee has been calculated in accordance with Section 6(b) of the Securities Act and is equal to \$107.00 for each \$1,000,000 of the Proposed Maximum Aggregate Offering Price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this conversion offer prospectus is not complete and may be changed. You may not receive securities in the conversion offer until the registration statement filed with the Securities and Exchange Commission is effective. This conversion offer prospectus is not an offer to convert or exchange these securities and is not soliciting an offer to convert or exchange these securities in any state where the offer, conversion or exchange is not permitted.

CONVERSION OFFER PROSPECTUS

**Titan International, Inc.
Offer to Increase Conversion Rate
Upon the Conversion of
Titan International Inc. s
5.25% Senior Convertible Notes due 2009
(CUSIP No. 88830MAA0)
into Titan International, Inc. Common Stock**

We are offering to increase the conversion rate to holders of our 5.25% Senior Convertible Notes (the Convertible Notes) who elect to convert their Convertible Notes into shares of our common stock, no par value per share, in accordance with the terms and subject to the conditions described in this conversion offer prospectus and the accompanying letter of transmittal. As of January 18, 2007, \$81,200,000 principal amount of Convertible Notes was outstanding.

The Convertible Notes are currently convertible at a conversion rate of 74.0741 shares of common stock per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a conversion price of approximately \$13.50 per share. Holders who surrender their Convertible Notes for conversion on or before 5:00 p.m., New York City time, on February , 2007 will receive a conversion rate of 81.0 shares per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a conversion price of approximately \$12.35 per share. This represents an increase in the conversion rate of 6.9259 shares per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a decrease in the conversion price of approximately \$1.15 per share.

This offer will expire at 5:00 p.m., New York City time, on , February , 2007, unless extended or earlier terminated.

We are not required to issue fractional shares of common stock upon conversion of the Convertible Notes. Instead, we will pay a cash adjustment for such fractional shares based upon the closing price of the common stock on the business day preceding the settlement date. If all Convertible Notes are converted in the conversion offer, we would be required to issue a total of 6,577,200 shares of common stock.

The Convertible Notes are not listed on any national securities exchange and there is no established trading market for these Convertible Notes. However, the Convertible Notes are traded on the PORTALSM system of The NASDAQ Stock Market, Inc. Our common stock is traded on the New York Stock Exchange under the symbol TWI. As of January 17, 2007, the closing price of the common stock on the New York Stock Exchange was \$21.47 per share. The shares of common stock to be issued in this conversion offer have been approved for listing on the New York Stock Exchange.

Conversion of the Convertible Notes and an investment in the common stock involves risks. See Risk Factors beginning on page 10 for a discussion of issues that you should consider with respect to this conversion offer.

You must make your own decision whether to convert any Convertible Notes in this conversion offer, and, if so, the amount of Convertible Notes to convert. Neither Titan International, Inc., the conversion agent, the information agent, the dealer manager, the trustee nor any other person is making any recommendation as to whether you should convert your Notes in the conversion offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this conversion offer prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The dealer manager for the conversion offer is:

Merrill Lynch & Co.

The date of this conversion offer prospectus is January , 2007

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As used in this conversion offer prospectus, except where the context otherwise requires or as otherwise indicated, Titan International, Inc. , Titan, the company, we, our, and us refer to Titan International, Inc. and its subsidiaries. We refer to our 5.25% Senior Convertible Notes due 2009 as the Convertible Notes.

This conversion offer prospectus incorporates important business and financial information about us that is not included in or delivered with this conversion offer prospectus. **Information incorporated by reference is available without charge to holders of our Convertible Notes upon written or oral request to us at Titan International, Inc., 2701 Spruce Street, Quincy, Illinois 62301, Attention: Cheri T. Holley, Vice President, Secretary and General Counsel, or by telephone at (217) 228-6011. To obtain timely delivery, holders of Convertible Notes must request the information no later than five business days before the date they must make their investment decision, or February 1, 2007, the present expiration date of the conversion offer, and deliver proper instructions prior to the expiration date of the conversion offer.**

You should rely only on the information contained or incorporated by reference in this conversion offer prospectus. We have not, and each of the dealer manager, the information agent and the conversion agent has not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to convert these securities in any jurisdiction where the offer or conversion is not permitted. To the best of our knowledge, the information in this conversion offer prospectus is materially accurate on the date appearing on the front cover of this conversion offer prospectus. You should assume that the information in this conversion offer prospectus is materially accurate as of the date appearing on the front cover of this conversion offer prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This conversion offer prospectus and the documents incorporated by reference herein include forward-looking statements. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words believe, expect, will, anticipate, intend, estimate, project, plan, assume, seek to or other similar expressions. Not all forward-looking statements contain these identifying words. We commonly use forward-looking statements throughout this conversion offer prospectus and the documents incorporated by reference herein regarding the following subjects:

- this conversion offer;
- our business strategy, plans and objectives;
- our understanding of our competition;
- market trends;
- projected sources and uses of available cash flow;
- projected capital expenditures;
- our future financial results and performance;
- potential liability with respect to legal proceedings; and
- potential effects of proposed legislation and regulatory action.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and are applicable only as of the date on the cover of this conversion offer prospectus or, in the case of forward-looking statements incorporated by reference, as of the date of the filing that includes the statement. New risks and uncertainties arise from time to time, and it is impossible for us to predict these matters or how they may affect us. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our stockholders. Such factors include, without limitation, the following:

- those identified under **Risk Factors** including, without limitation:
 - the cyclical nature of the industries in which we operate including the factors that have led to recent corn prices;
 - our concentrated customer base;
 - substantial competition from international and domestic companies;

unanticipated losses related to acquisitions or investments;

failure to maintain satisfactory labor relations;

price fluctuations of key commodities;

our reliance on a limited number of suppliers;

unfavorable outcomes of legal proceedings;

costs related to compliance with corporate governance requirements;

limitations on our financial and operating flexibility as a result of our significant interest expense compared to our cash flows; and

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restrictions on our ability to pursue our business strategies or repay our indebtedness as a result of restrictive covenants in our credit facility and the indenture governing our senior unsecured convertible notes;

those identified from time to time in our public filings with the Securities and Exchange Commission;

the negative impact of economic slowdowns or recessions;

the effect of changes in interest rates;

the condition of the markets for our products;

our access to funding sources and our ability to renew, replace or add to our existing credit facilities on terms comparable to the current terms;

the impact of new state or federal legislation or court decisions on our operations; and

the impact of new state or federal legislation or court decisions restricting the activities of lenders or suppliers of credit in our market.

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere or incorporated by reference in this conversion offer prospectus as well as the information contained in the letter of transmittal and any amendments or supplements thereto. Because this is a summary, it may not contain all the information you should consider before deciding whether to accept our offer to convert your Convertible Notes in the conversion offer. You should read this entire prospectus carefully, including the section entitled Risk Factors, before making your investment decision.

Titan International, Inc.

We are a leading manufacturer of steel wheels and tires for off-highway vehicles used in the agricultural, earthmoving/construction, military and consumer products (including recreational trailers, all terrain vehicles (ATVs) and grounds care vehicles) markets. We generally manufacture the wheels and tires for these vehicles and provide the value-added service of selling a complete wheel and tire assembly. We offer thousands of products that are manufactured in relatively short production runs and must meet Original Equipment Manufacturers (OEM) specifications. Our net sales for 2005 and our net sales for the nine months ended September 30, 2006 were approximately \$470 million and \$514 million, respectively. We have three operating segments: Agricultural, Earthmoving/Construction and Consumer.

Our Agricultural segment accounted for 64% of revenue for the nine months ended September 30, 2006. Our 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 our own distribution centers. The wheels and rims range in diameter from 9 to 54 with the 54 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 us to offer a broad line of product models to meet customer specifications. Our agricultural tires range from 8 to 85 in diameter and from 4.8 to 44 in width. We also offer the added value of delivering a complete wheel and tire assembly to customers in the agricultural market.

Our Earthmoving/Construction segment accounted for 23% of revenue for the nine months ended September 30, 2006. We manufacture rims, wheels and tires for various types of earthmoving, mining, military and construction equipment, including skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, load transporters, haul trucks and backhoe loaders. We provide customers with a broad range of earthmoving/construction wheels ranging in diameter from 20 to 63 , in width from 8 to 60 and in weight from 125 pounds to 7,000 pounds. The 63 diameter wheel is the largest manufactured in North America for the earthmoving/construction market. We sell our wheels and tires to both the OEM and Aftermarket segments. We also offer the added value of a complete wheel and tire assembly in the earthmoving/construction market.

Our Consumer segment accounted for 13% of revenue for the nine months ended September 30, 2006. We build a variety of products for all-terrain vehicles (ATV), turf, golf and trailer applications. Consumer wheels and rims range from 8 to 16 in diameter. Recently, ATV tires using the new stripwinding manufacturing process have been introduced to the marketplace. For the domestic boat, recreational and utility trailers markets, we provide wheels and tires and assemble brakes, actuators and components. We also offer the value-added service of a complete wheel and tire assembly in the consumer market.

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Our major OEM customers include Deere & Company (Deere), CNH Global N.V. (CNH), AGCO Corporation, Kubota Corporation and Caterpillar Inc. (CAT). In addition, we continue to expand our sales of wheels and tires to the aftermarket, where product demand tends to be less cyclical than in the OEM market. We distribute our tire products in the aftermarket primarily through a network of independent distributors and also through our own distribution centers. This distribution network enables us to service markets not otherwise accessible through our traditional OEM marketing channels.

We are an Illinois corporation. Our principal corporate offices are located at 2701 Spruce Street, Quincy, Illinois 62301, and the telephone number is (217) 228-6011.

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Purpose of the Conversion Offer

We are offering to increase the conversion rate for the Convertible Notes surrendered for conversion upon the terms and subject to the conditions set forth in this conversion offer prospectus and the related letter of transmittal. The Convertible Notes are currently convertible at a conversion rate of 74.0741 shares of common stock per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a conversion price of approximately \$13.50 per share. The conversion offer allows current holders of Convertible Notes who surrender their Convertible Notes for conversion on or before 5:00 p.m., New York City time, on February 1, 2007 to receive a conversion rate of 81.0 shares per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a conversion price of approximately \$12.35 per share. This represents an increase in the conversion rate of 6.9259 shares per \$1,000 principal amount of notes, subject to adjustment, which is equivalent to a decrease in the conversion price of approximately \$1.15 per share. The purposes of the conversion offer are to induce the conversion into common stock of any and all of the outstanding Convertible Notes to reduce our ongoing fixed interest obligations, and to improve the trading liquidity of our common stock by increasing the number of outstanding shares of common stock available for trading.

Recent Developments

Closing of Senior Unsecured Notes. On December 28, 2006, we issued \$200 million principal amount of five-year senior unsecured notes due 2012. The notes are senior unsecured obligations of the company. The \$200 million of five-year senior unsecured notes were sold at par and will bear interest at a rate of 8 percent per annum. We used the net proceeds from that offering to repay the balance of our revolving credit facility and we will use the remaining cash for general corporate purposes. The Company lowered its revolving loan availability on its credit facility to \$125 million and had no cash borrowings on this facility at year-end 2006.

Continental Acquisition. On July 31, 2006, we acquired the off-the-road (OTR) tire assets of Continental Tire North America, Inc. (Continental) in Bryan, Ohio. We purchased the assets of Continental's OTR tire facility for approximately \$53 million in cash proceeds. The assets purchased included Continental's OTR plant, property and equipment located in Bryan, Ohio, and inventory and other current assets. The productivity obtained since startup after the July 31 acquisition date associated with the Bryan facility is meeting current expectations. The Bryan facility achieved a manufacturing output of approximately \$16 million since startup after the July 31 acquisition date through September 30, 2006.

Goodyear Acquisition. On December 28, 2005, we acquired The Goodyear Tire & Rubber Company's North American farm tire assets. We purchased the assets of Goodyear's North American farm tire business for approximately \$100 million in cash proceeds. The assets purchased include Goodyear's North American plant, property and equipment located in Freeport, Illinois, and Goodyear's North American farm tire inventory. The December 2005 Goodyear North American farm tire asset acquisition included a long-term license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America, which includes the right to use the Goodyear trademark. The productivity obtained during the first nine months of 2006 associated with the Freeport facility is meeting our current expectations. The Freeport facility achieved a manufacturing output of approximately \$38 million and \$150 million of manufacturing output during the three and nine months ended September 30, 2006, respectively.

Termination of Cash Merger Discussions. On October 11, 2005, we received an offer from One Equity Partners LLC (One Equity), a private equity affiliate of JPMorgan Chase & Co., indicating One Equity's interest in acquiring us in a cash merger for \$18.00 per share of our common stock. On April 12, 2006, we and One Equity announced the termination of discussions regarding the proposed cash merger. On April 17, 2006, our Board of Directors met and

thanked the Special Committee, which had been formed to pursue discussions regarding One Equity's proposed cash merger, for all their efforts expended and agreed that their Special Committee responsibilities have been completed.

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The selected financial data presented below as of and for the years ended December 31, 2001, 2002, 2003, 2004 and 2005 has been derived from our consolidated financial statements, as audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The selected financial data presented below as of and for the nine months ended September 30, 2005 and 2006, has been derived from our unaudited interim consolidated financial statements. In the opinion of management, the unaudited interim consolidated financial statements have been prepared on a basis consistent with the audited financial statements and include all adjustments, which are normal recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not indicative of the results that might be expected for any other interim period or for an entire year. You should read this table in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2005, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, incorporated by reference in this conversion offer prospectus.

	Year Ended December 31,					Nine Months Ended	
	2001	2002	2003	2004	2005	2005	2006
	(Unaudited)						
	(Amounts in thousands)						
Statement of Operations Data:							
Net sales	\$ 457,475	\$ 462,820	\$ 491,672	\$ 510,571	\$ 470,133	\$ 373,550	\$ 513,891
Gross profit	18,664	29,741	29,703	79,500	64,210	57,556	70,636
(Loss) income from operations	(33,465)	(14,086)	(16,220)	33,322	11,999	29,308	33,650
(Loss) income before income taxes	(46,386)	(44,293)(a)	(33,668)	15,215	(2,885)(b)	16,583(b)	24,473
Net (loss) income	(34,789)	(35,877)(a)	(36,657)	11,107	11,042(b)(c)	16,583(b)	14,684
Other Financial Data:							
Depreciation and amortization	\$ 37,263	\$ 33,622	\$ 32,277	\$ 24,907	\$ 20,746	\$ 15,854	\$ 19,460
Capital expenditures	11,865	9,759	14,564	4,328	6,752	3,083	4,844
Interest expense	20,919	20,565	20,231	16,159	8,617	6,723	11,997
Cash flows from operating activities	25,763	16,908	10,382	18,149	22,899	35,619	(13,362)
Cash flows from investing activities	(16,486)	(9,141)	(33,754)	62,392	(76,743)	(2,695)	(48,808)
Cash flows from financing activities	(5,610)	4,407	7,219	(85,751)	53,306	(33,460)	61,859
Balance Sheet Data (end of period):							
Cash and cash equivalents	\$ 9,214	\$ 22,049	\$ 6,556	\$ 1,130	\$ 592	\$ 594	\$ 281
Working capital	180,684	170,263	183,971	114,898	157,984	120,133	212,386
Current assets	262,723	254,569	286,946	154,668	206,167	156,706	301,613

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Total assets	568,954	531,999	523,084	354,166	440,756	336,924	566,731
Long-term debt	256,622	249,119	248,397	169,688	190,464	101,887	258,590
Stockholders equity	185,907	144,027	111,956	106,881	167,813	162,980	186,695

- (a) Includes loss on investments of \$12.4 million (\$10.0 million after taxes).
- (b) Includes noncash convertible debt conversion charge of \$7.2 million.
- (c) Includes tax benefit of \$13.9 million for tax valuation allowance.

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UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma consolidated condensed statements of operations for the year ended December 31, 2005, and the nine months ended September 30, 2006, give effect to the acquisition of the Continental Tire North America (Continental) off-the-road (OTR) tire assets. The December 31, 2005 pro forma consolidated condensed statement of operations also gives effect to the Goodyear North American Farm Tire Acquisition. The pro forma statements also give effect to this convertible note conversion offer and assume that all outstanding notes are converted. The pro forma consolidated condensed statements of operations are presented as if all of the transactions had occurred on January 1, 2005.

The pro forma statements of operations were derived by adjusting our historical financial statements. The adjustments are based on currently available information and, therefore, the actual adjustments may differ from the pro forma adjustments.

The pro forma statements of operations have also been derived from Continental off-the-road tire assets historical accounting records and are presented on a carve-out basis to include the historical operations applicable to the assets we acquired in Bryan, Ohio. The historical statements of revenue and certain expenses vary from an income statement in that they do not show certain expenses that were incurred in connection with the seller's ownership of the acquired assets, including interest, corporate expenses, and income taxes. The seller did not segregate such operating cost information related to the off-the-road tire assets for financial reporting purposes and, therefore, any pro forma allocation would not be a reliable estimate of what these costs would actually have been had the Continental off-the-road tire assets been operated as a stand alone entity.

The pro forma statements of operations have also been derived from The Goodyear Tire & Rubber Company's North American farm tire asset historical accounting records and are presented on a carve-out basis to include the historical operations applicable to the Freeport, Illinois, facility. The historical combined statements of revenue, cost of goods sold, and direct operating expenses vary from an income statement in that they do not show certain expenses that were incurred in connection with the seller's ownership of the acquired assets, including interest, corporate expenses, and income taxes. The seller had never segregated such operating cost information related to the North American farm tire assets for financial reporting purposes and, therefore, any pro forma allocation would not be a reliable estimate of what these costs would actually have been had the Goodyear North American farm tire assets been operated as a stand alone entity. The Goodyear North American farm tire assets were acquired on December 28, 2005.

The pro forma consolidated condensed financial statements should be read in conjunction with the historical consolidated financial statements and the related notes thereto included in the Titan International, Inc. 2005 Annual Report on Form 10-K and the September, 2006, Quarterly Report on Form 10-Q.

The pro forma information is presented for illustrative purposes only and may not be indicative of the results that would have been obtained had the acquisition of assets actually occurred on the dates assumed nor is it necessarily indicative of Titan International, Inc.'s future consolidated results of operations or financial position.

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**PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2005**

Historical	Goodyear North American Farm Assets(a)	Continental	Pro Forma Adjustments	Pro Forma Titan
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