

TITAN INTERNATIONAL INC  
Form 10-K/A  
November 09, 2011

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

FORM 10-K/A

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

For the fiscal year ended December 31, 2010  
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

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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 <input type="radio"/>	Accelerated filer <input checked="" type="radio"/>
Non-accelerated filer <input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="radio"/>

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 \$321 million based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2010.

As of February 15, 2011, a total of 41,995,832 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 12, 2011, are incorporated by reference into Part III of this Form 10-K.

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## EXPLANATORY NOTE

This Form 10-K/A amends the Annual Report on Form 10-K of Titan International, Inc. (Titan or the Company) for the fiscal year ended December 31, 2010, which was filed with the Securities and Exchange Commission (SEC) on February 24, 2011. This Form 10-K/A is being filed to restate the financial statements to correct an error of \$9.8 million in the recorded value of Titan's Generation 1 super giant tires. For more information on this restatement, please refer to Part II, Item 9A – Controls and Procedures and Note 2 of the Notes to Consolidated Financial Statements.

For the convenience of the reader, this Form 10-K/A sets forth the Company's original Form 10-K as filed with the SEC on February 24, 2011 in its entirety, as amended by, and to reflect, the restatement. No attempt has been made in this Form 10-K/A to update other disclosures presented in the original Form 10-K, except as required to reflect the effects of the restatement. Accordingly, this Form 10-K/A should be read in conjunction with Titan's filings made with the SEC subsequent to the filing of the Form 10-K, including any amendments to those filings.

The following items have been amended as a result of this restatement:

- Part I, Item 1, Business – Market Conditions Outlook
  - Part I, Item 1A, Risk Factors – Net loss risk
  - Part II, Item 6, Selected Financial Data
- Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations
  - Part II, Item 9A, Controls and Procedures
- Part IV, Item 15, Exhibits, Financial Statement Schedules
  - Schedule II, Valuation Reserves

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## PART I

### ITEM 1 – BUSINESS

#### INTRODUCTION

Titan International, Inc. and its subsidiaries (Titan or the Company) hold the unique position in North America 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 2010, Titan's agricultural market sales represented 76% of net sales, the earthmoving/construction market represented 22% and the consumer market represented 2% 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 27 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, 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 additional strategic acquisitions.

- Giant Mining Tire Product

The Company's 2006 acquisition of the OTR tire assets of Continental Tire North America, Inc. in Bryan, Ohio, expanded Titan's product offering into larger earthmoving, construction and mining tires. The Company subsequently expanded the Bryan facility production capacity to include giant mining tires. These giant tires offer continuing opportunity in the earthmoving marketplace. The "Big Daddy" giant tire is approximately 13 feet tall and weighs in at approximately 12,500 pounds.

- 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.

- 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 recommends 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 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 December 2010, Titan announced that it had entered into agreements with the Goodyear Tire & Rubber Company to buy their European and Latin American farm tire businesses, including a licensing agreement that will allow Titan to manufacture and sell Goodyear-brand farm tires in Europe, Africa, Eastern Europe, Russia, Latin America and North America, for approximately \$130 million U.S. dollars, subject to post-closing adjustments.

The Latin American portion of the transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment and inventories. Subject to customary closing conditions and regulatory approvals, it is expected to close



in the first half of 2011.

The European portion of the transaction is subject to the exercise of a put option by Goodyear following completion of a social plan related to the previously announced discontinuation of consumer tire production at its Amiens North, France manufacturing plant and required consultation with the local Works Council. Upon completion of this action, as well as customary closing conditions and regulatory approvals, the transaction will include the Amiens North plant, property, equipment and inventories.

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**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 provides wheels and tires and assembles brakes, actuators and components for the domestic boat, recreational and utility trailer markets. Titan also offers select products for ATVs, turf, and golf car applications. Likewise, Titan produces a variety of tires for the consumer market.

**MARKET SALES**

(Amounts in thousands)	Year ended December 31,								
	2010			2009			2008		
	Net Sales	% of Total		Net Sales	% of Total		Net Sales	% of Total	
Agricultural	\$675,178	76	%	\$563,528	77	%	\$729,895	70	%
Earthmoving/construction	191,042	22	%	144,589	20	%	281,008	27	%
Consumer	15,371	2	%	19,482	3	%	25,797	3	%
	\$881,591			\$727,599			\$1,036,700		

**MARKET CONDITIONS OUTLOOK**

In 2010, Titan experienced higher sales when compared to the depressed sales levels in the second half of 2009. During the second half of 2009, Titan implemented extended shutdowns in conjunction with many of the Company's major customers, which resulted in a steep drop in sales. The Company did not implement any extended shutdowns in the second half of 2010. The Company continues to see signs that the market for Titan's products experienced the bottom of a cycle in late 2009 and early 2010.

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 2010, 2009 and 2008 were \$28.9 million, \$39.5 million and \$80.0 million, respectively. Included in capital expenditures were amounts for the giant OTR project of approximately \$23 million in 2009 and approximately \$60 million in 2008. 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 2011 are forecasted to be approximately \$15 million to \$20 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 two 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 have introduced designs for giant OTR tires. 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. Research and development (R&D) expenses are expensed as incurred. R&D costs were \$6.3 million, \$8.9 million and \$3.5 million for the years of 2010, 2009 and 2008, respectively.

## CUSTOMERS

Titan's 10 largest customers accounted for approximately 58% of net sales for the year ended December 31, 2010, compared to approximately 54% for the year ended December 31, 2009. Net sales to Deere & Company in Titan's agricultural, earthmoving/construction and consumer markets combined represented approximately 26% and 24% of the Company's consolidated revenues for the years ended December 31, 2010 and 2009, respectively. Net sales to CNH Global N.V. in Titan's three markets represented approximately 15% and 13% of the Company's consolidated revenues for the years ended December 31, 2010 and 2009, respectively. No other customer accounted for more than 10% of the Company's net sales in 2010 or 2009. 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, 2011, Titan estimates \$227 million in firm orders compared to \$134 million at January 31, 2010, 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 both December 31, 2010 and 2009. The fair value of the Company's investment in Titan Europe Plc was \$22.7 million and \$6.5 million at December 31, 2010 and 2009, respectively. Titan Europe Plc is publicly traded on the AIM market in London, England.

## EMPLOYEES

At December 31, 2010, the Company employed approximately 2,400 people in the United States. Approximately 18% of the Company's employees in the United States were covered by a collective bargaining agreement. This 18% is comprised of employees at the Des Moines, Iowa facility, who in December 2010 ratified a collective bargaining agreement which expires in November 2012. The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities expired on November 19, 2010, for the employees covered by their respective collective bargaining agreements, which account for approximately 29% of the Company's employees in the United States. As of December 31, 2010, the employees of these two facilities were working without a contract under the terms of the Company's latest offer.

## 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.



## EXPORT SALES

The Company had total aggregate export sales of approximately \$80.2 million, \$82.7 million and \$128.8 million, for the years ended December 31, 2010, 2009 and 2008, respectively.

## 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.

## 7.875% SENIOR SECURED NOTES DUE 2017

In October 2010, the Company closed on an offering of \$200 million 7.875% senior secured notes due 2017. Titan used a portion of the net proceeds from the offering to finance the repurchase of \$138.9 million of its 8% senior unsecured notes due January 2012 and to pay all consent payments, accrued interest and costs and expenses associated therewith. The Company intends to use the remaining net proceeds from this offering of approximately \$44 million for general corporate purposes, which may include potential future acquisitions.

## 8% SENIOR UNSECURED NOTES DUE JANUARY 2012 REPURCHASE

In June 2010, the Company closed on a tender transaction to purchase \$47.4 million of its outstanding 8% senior unsecured notes due January 2012 (senior unsecured notes). In October 2010, the Company closed on another tender transaction to purchase \$138.9 million of its outstanding senior unsecured notes. In connection with these tender offers and an additional note repurchase of \$6.5 million in July 2010, the Company recorded expenses of \$14.6 million. These expenses were related to: (i) early tender premium of \$13.0 million, (ii) unamortized deferred financing fees of \$1.2 million and (iii) other fees of \$0.4 million.

## GOODYEAR EUROPEAN AND LATIN AMERICAN FARM TIRE BUSINESS

In December 2010, Titan announced that it had entered into agreements with the Goodyear Tire & Rubber Company to buy their European and Latin American farm tire businesses, including a licensing agreement that will allow Titan to manufacture and sell Goodyear-brand farm tires in Europe, Africa, Eastern Europe, Russia, Latin America and North America, for approximately \$130 million U.S. dollars, subject to post-closing adjustments.

The Latin American portion of the transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment and inventories. Subject to customary closing conditions and regulatory approvals, it is expected to close in the first half of 2011.

The European portion of the transaction is subject to the exercise of a put option by Goodyear following completion of a social plan related to the previously announced discontinuation of consumer tire production at its Amiens North, France manufacturing plant and required consultation with the local Works Council. Upon completion of this action, as well as customary closing conditions and regulatory approvals, the transaction will include the Amiens North plant, property, equipment and inventories.

#### NEW YORK STOCK EXCHANGE CERTIFICATION

The Company submitted to the New York Stock Exchange during fiscal 2010 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 Company's revolving credit facility and debt obligation contain covenants.

The Company's revolving credit facility and debt obligations contain covenants and restrictions. 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 and foreign exchange 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 58% of Titan's net sales for 2010. Net sales to Deere & Company and CNH Global N.V. represented 26% and 15%, respectively, of total 2010 net sales. No other customer accounted for more than 10% of net sales in 2010. 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, 2010, approximately 18% of Titan employees in the United States were covered by a collective bargaining agreement. This 18% is comprised of employees at the Des Moines, Iowa facility, who in December 2010 ratified a collective bargaining agreement which expires in November 2012. 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.

The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities expired on November 19, 2010, for the employees covered by their respective collective bargaining agreements, which account for approximately 29% of Titan employees in the United States. As of December 31, 2010, the employees of these two facilities were

working without a contract under the terms of the Company's latest offer. The respective unions have retained their rights to challenge the Company's actions.

- 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

In December 2010, Titan announced that it had entered into agreements with the Goodyear Tire & Rubber Company to buy their European and Latin American farm tire businesses, including a licensing agreement that will allow Titan to manufacture and sell Goodyear-brand farm tires in Europe, Africa, Eastern Europe, Russia, Latin America and North America, for approximately \$130 million U.S. dollars, subject to post-closing adjustments.

The Latin American portion of the transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment and inventories. Subject to customary closing conditions and regulatory approvals, it is expected to close in the first half of 2011.

The European portion of the transaction is subject to the exercise of a put option by Goodyear following completion of a social plan related to the previously announced discontinuation of consumer tire production at its Amiens North, France manufacturing plant and required consultation with the local Works Council. Upon completion of this action, as well as customary closing conditions and regulatory approvals, the transaction will include the Amiens North plant, property, equipment and inventories.

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 \$80.2 million, \$82.7 million and \$128.8 million, for the years ended December 31, 2010, 2009 and 2008, 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 \$(5.9) million for the year ended December 31, 2010 and \$(24.6) million for the year ended December 31, 2009. As a result of these losses, 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 full 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.

## 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. On February 15, 2011, there were approximately 500 holders of record of Titan common stock and an estimated 8,800 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
2010			
First quarter	\$9.84	\$7.15	\$0.005
Second quarter	13.10	8.81	0.005
Third quarter	14.27	9.37	0.005
Fourth quarter	19.86	12.85	0.005
2009			
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

## 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, 2010, of a \$100 investment made on December 31, 2005, 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,					
	2005	2006	2007	2008	2009	2010
Titan International, Inc.	\$100.00	\$116.94	\$181.54	\$59.96	\$59.11	\$142.65
S&P 500 Index	100.00	115.79	122.16	76.96	97.33	111.99
S&P 600 Construction. & Farm Machinery & Heavy Trucks Index	100.00	134.85	169.95	107.07	116.09	167.36

## ITEM 6 – SELECTED FINANCIAL DATA

The selected financial data presented below, as of and for the years ended December 31, 2010, 2009, 2008, 2007, and 2006, 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,				
	2010 As Restated	2009	2008	2007	2006
Net sales	\$881,591	\$727,599	\$1,036,700	\$837,021	\$679,454
Gross profit	104,090	55,965	139,714	84,131	72,778
Noncash goodwill impairment charge	0	11,702	0	0	0
Income (loss) from operations	30,945	(18,894 )	73,321	24,838	22,011
Noncash Titan Europe Plc charge	0	0	(37,698 )	0	0
Noncash debt conversion charge	0	0	0	(13,376 )	0
Income (loss) before income taxes	(9,190 )	(32,002 )	23,010	(3,884 )	8,574
Net income (loss)	(5,926 )	(24,645 )	13,337	(7,247 )	5,144
Net income (loss) per share – basic *	(.17 )	(.71 )	.39	(.23 )	.21
Net income (loss) per share – diluted *	(.17 )	(.71 )	.38	(.23 )	.21
Dividends declared per common share *	.020	.020	.018	.016	.016

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

(All amounts in thousands)

	As of December 31,				
	2010 As Restated	2009	2008	2007	2006
Working capital	\$388,997	\$375,144	\$232,564	\$239,985	\$247,009
Current assets	481,350	445,216	369,199	327,765	309,933
Total assets	780,880	736,463	654,782	590,495	585,126
Long-term debt (a)	373,564	366,300	200,000	200,000	291,266
Stockholders' equity	272,031	261,953	279,188	272,522	187,177

(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

Restatement

On October 25, 2011, management of the Company and Titan’s Audit Committee of the Board of Directors (Audit Committee) concluded that the Company’s consolidated financial statements as of and for the year ended December 31, 2010, contained in its Annual Report on Form 10-K and the unaudited consolidated condensed financial statements for the first and second quarters of 2011 included in the Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 should no longer be relied upon as a result of the error described in the following paragraph.

In the third quarter of 2008, the Company began manufacturing the first generation (Gen 1) of its super giant tires. In the fourth quarter of 2009, the Company ceased manufacturing Gen 1 tires due to the creation of the second generation (Gen 2) of super giant tires which began production in the first quarter of 2010. During the fourth quarter of 2010, the Company recorded a \$5.1 million charge to reduce the remaining Gen 1 tire inventory to an estimated market value of \$10.6 million. In October of 2011, the Company determined that the analysis performed in the fourth quarter of 2010 that created the \$5.1 million adjustment was not reflective of all the facts and circumstances that existed at December 31, 2010. After reconsidering the facts and circumstances that existed at December 31, 2010, the Company determined that the estimated market value of the Gen 1 tires that remained as of December 31, 2010 was \$0.7 million. Accordingly, the Company is restating its consolidated financial statements as of and for the year ended December 31, 2010 to reflect an additional charge of \$9.8 million for its Gen 1 inventory.

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/A 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/A 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 a 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, which may be affected by the closing of some facilities
  - 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 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, 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, 2010, compared to 2009 (amounts in thousands):

	2010	2009
	As Restated	
Net sales	\$881,591	\$727,599
Income (loss) from operations	30,945	(18,894 )
Net loss	(5,926 )	(24,645 )

The Company recorded sales of \$881.6 million for 2010, which were approximately 21% higher than the 2009 sales of \$727.6 million. The higher sales levels resulted from increased demand in the Company's agricultural segment, up approximately 20%; and earthmoving/construction segment, up approximately 32%. Sales in the second half of 2009 were affected by reduced demand for the Company's products, as many of the Company's major customers implemented extended shutdowns during the period as a consequence of the recession. Titan in turn implemented extended shutdowns at its production facilities in response to lower demand during this time period. Extended shutdowns were not required during the second half of 2010 as Titan's customers were aided by the stabilization of the overall economy and increased demand for their products.

The Company's income from operations was \$30.9 million for 2010, compared to loss from operations of \$(18.9) million for 2009. Titan's net loss was \$(5.9) million for 2010, compared to \$(24.6) million in 2009. Diluted loss per share was \$(.17) in 2010, compared to \$(.71) in 2009. The operating gains were primarily the result of the significant increase in second half 2010 results as compared to the extended shutdowns that influenced the second half 2009 results.

## SUBSEQUENT EVENTS

### Exchange Agreement for 5.625% Convertible Senior Subordinated Notes due 2017

In January 2011, Titan was approached by a note holder of the Company's 5.625% convertible senior subordinated notes due 2017 (convertible notes), with an offer to exchange the note holder's convertible notes for the Company's common stock. The two parties privately negotiated an agreement to exchange approximately \$59.6 million in aggregate principal amount of the Convertible Notes for approximately 6.6 million shares of the Company's common stock, plus a payment for the accrued and unpaid interest. The exchange was closed on January 19, 2011. The convertible notes exchanged represented approximately 35% of the total outstanding convertible notes. In the first quarter of 2011, the Company will recognize a noncash charge of approximately \$16 million in connection with this exchange in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

### Cash Deposit for 8% Senior Unsecured Notes due 2012

In February 2011, Titan satisfied and discharged the indenture relating to the 8% senior unsecured notes due January 2012 by depositing with the trustee \$1.1 million cash representing the outstanding principal of such notes and the interest payments due on July 15, 2011, and at maturity on January 15, 2012. Titan irrevocably instructed the trustee to apply the deposited money toward the interest and principal of the notes.

## 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,					
	2010		2009		2008	
	As					
	Restated					
Net sales	100.0	%	100.0	%	100.0	%
Cost of sales	88.2		92.3		86.5	
Gross profit	11.8		7.7		13.5	
Selling, general and administrative expenses	6.5		6.4		5.2	
Research and development	0.7		1.2		0.3	
Royalty expense	1.1		1.1		0.9	
Noncash goodwill impairment charge	0.0		1.6		0.0	
Income (loss) from operations	3.5		(2.6)	)	7.1	
Interest expense	(3.0)	)	(2.2)	)	(1.5)	)
Gain (loss) on note repurchase	(1.7)	)	0.2		0.0	
Noncash Titan Europe Plc charge	0.0		0.0		(3.6)	)
Other income, net	0.1		0.2		0.2	
Income (loss) before income taxes	(1.1)	)	(4.4)	)	2.2	
Income tax provision (benefit)	(0.4)	)	(1.0)	)	0.9	
Net income (loss)	(0.7)	)%	(3.4)	)%	1.3	%

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):

	2010	2009	2008
Agricultural	\$675,178	\$563,528	\$729,895
Earthmoving/Construction	191,042	144,589	281,008
Consumer	15,371	19,482	25,797
Total	\$881,591	\$727,599	\$1,036,700

## 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.

## 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 2010 for approximately 61% of inventories and the last-in, first-out (LIFO) method for approximately 39% 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, additional 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 net losses in 2009 and 2010, 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 full tax benefit of these net operating losses.

### 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 2011. For more information concerning these costs and obligations, see the discussion of the "Pensions" and Note 21 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, 2010		2011
		Increase (Decrease) PBO (a)	Increase (Decrease) Equity	Increase (Decrease) Expense
Pension				
Discount rate	+/- .5	\$ (4,747)/\$5,170	\$ 4,747/\$ (5,170)	\$(481)/\$156
Expected return on assets	+/- .5			\$(351)/\$351

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



## FISCAL YEAR ENDED DECEMBER 31, 2010, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2009

## RESULTS OF OPERATIONS

Highlights for the year ended December 31, 2010, compared to 2009 (amounts in thousands):

	2010 As Restated	2009	% Increase	
Net sales	\$881,591	\$727,599	21	%
Cost of sales	777,501	671,634	16	%
Gross profit	104,090	55,965	86	%
Gross profit percentage	11.8	% 7.7	%	

## Net Sales

Net sales for the year ended December 31, 2010, were \$881.6 million compared to \$727.6 million for the year ended December 31, 2009. The higher sales were primarily the result of a substantial increase in demand in the Company's agricultural segment, up approximately 20%; and earthmoving/construction segment, up approximately 32%. Second half sales in 2009 were affected by reduced demand for the Company's products, as many of the Company's major customers implemented extended shutdowns during the period as a consequence of the recession. Titan in turn implemented extended shutdowns at its production facilities to manage lower demand during this time period. Extended shutdowns were not required during the second half of 2010 as Titan's customers were aided by the stabilization of the overall economy and an increase in demand for their products.

## Cost of Sales and Gross Profit

Cost of sales was \$777.5 million for the year ended December 31, 2010, as compared to \$671.6 million in 2009. The cost of sales increased 16% as a result of higher sales levels of 21%.

Gross profit for the year 2010 was \$104.1 million, or 11.8% of net sales, compared to \$56.0 million, or 7.7% of net sales for 2009. The gross profit margin for 2010 was higher than 2009 primarily due to the negative margins in the second half of 2009 resulting from extended production facility shutdowns and improved plant utilization resulting from the higher sales levels.

## Selling, General and Administrative Expenses

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

	2010	2009	% Increase	
Selling, general and administrative	\$57,565	\$46,734	23	%
Percentage of net sales	6.5	% 6.4	%	

Selling, general and administrative (SG&A) expenses were \$57.6 million, or 6.5% of net sales, for the year ended December 31, 2010, as compared to \$46.7 million, or 6.4% of net sales, for 2009. The higher SG&A expenses for 2010 were primarily the result of an increase in CEO and management incentive compensation, higher selling and marketing expenses related to sales levels, and higher legal and professional fees. Expenses recorded for CEO and management incentive compensation were approximately \$6 million higher in 2010, when compared to 2009. Selling and marketing expenses for 2010 were approximately \$2 million higher than 2009 primarily due to the higher sales levels. Legal and professional fees for 2010 were approximately \$2 million higher than 2009 due primarily to fees associated with potential acquisitions.

## Research and Development Expenses

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

	2010	2009	% Decrease
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Research and development	\$6,317		\$8,850	(29	)%
Percentage of net sales	0.7	%	1.2	%	

Research and development (R&D) expenses were \$6.3 million, or 0.7% of net sales, for the year ended December 31, 2010, as compared to \$8.9 million, or 1.2% of net sales, for 2009. The Company R&D costs related to the Giant OTR products were less in 2010 than 2009.

## Royalty Expense

Royalty expense was as follows (amounts in thousands):

	2010	2009	% Increase	
Royalty expense	\$9,263	\$7,573	22	%

The Company has a trademark 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 \$9.3 million for the year ended December 31, 2010, as compared to \$7.6 million in 2009. As sales subject to the license agreement increased in 2010, the Company's royalty expense increased accordingly.

## Noncash Goodwill Impairment Charge

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

	2010	2009	% Decrease	
Noncash goodwill charge	\$0	\$11,702	(100)	)%

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.

## Income (loss) from Operations

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

	2010	2009	% Increase	
	As Restated			
Income (loss) from operations	\$30,945	\$(18,894)	)	n/a
Percentage of net sales	3.5	% (2.6	)	%

Income from operations for the year ended December 31, 2010, was \$30.9 million, or 3.5% of net sales, compared to loss from operations of \$(18.9) million, or (2.6)% of net sales, in 2009. This increase was the net result of the items previously discussed above.

## Interest Expense

Interest expense was as follows (amounts in thousands):

	2010	2009	% Increase	
Interest expense	\$26,667	\$16,246	64	%

Interest expense for the year 2010 was \$26.7 million compared to \$16.2 million in 2009. The Company's interest expense for 2010 increased from the previous year primarily as a result of additional interest expense of approximately \$10 million related to the 5.625% convertible senior subordinated notes that were issued in December 2009.



## Gain (Loss) on Note Repurchase

Gain (loss) on note repurchase was as follows (amounts in thousands):

	2010	2009	% Decrease
Gain (loss) on note repurchase	\$(14,573 )	\$1,398	n/a

In June 2010, the Company closed on a tender transaction to purchase \$47.4 million of its 8% outstanding senior unsecured notes due January 2012 (senior unsecured notes). In October 2010, the Company closed on another tender transaction to purchase \$138.9 million of its outstanding senior unsecured notes. In connection with these tender offers and an additional note repurchase of \$6.5 million in July 2010, the Company recorded expenses of \$14.6 million. These expenses were related to: (i) early tender premium of \$13.0 million, (ii) unamortized deferred financing fees of \$1.2 million and (iii) other fees of \$0.4 million. For 2009, the Company recorded a gain on a note repurchase of \$1.4 million resulting from the Company's repurchase of \$6.2 million of principal value of senior unsecured notes for approximately \$4.8 million in the first quarter of 2009.

## Other Income

Other income was as follows (amounts in thousands):

	2010	2009	% Decrease
Other income	\$1,105	\$1,740	(36 )%

Other income was \$1.1 million for the year ended December 31, 2010, as compared to \$1.7 million in 2009. The major items included in 2010 were: (i) investment gain on contractual obligations of \$0.8 million; (ii) interest income of \$0.4 million; and (iii) other expense of \$(0.1) million.

The major items included in 2009 were: (i) investment gain on contractual obligations of \$1.3 million; (ii) interest income of \$0.2 million; and (iii) other income of \$0.2 million.

## Income Tax Benefit

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

	2010 As Restated	2009	% Decrease
Income tax benefit	\$(3,264 )	\$(7,357 )	(56 )%

The Company recorded income tax benefit of \$(3.3) million in 2010 and \$(7.4) million in 2009. The Company's effective tax rate was 36% in 2010 and 23% in 2009. The Company's 2010 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to the pre-tax income primarily as the result of state taxes. The Company's 2009 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 Loss

Net loss was as follows (amounts in thousands):

	2010 As Restated	2009	% Decrease
Net loss	\$(5,926 )	\$(24,645 )	(76 )%

Net loss for the year ended December 31, 2010, was \$(5.9) million, compared to \$(24.6) million in 2009. Basic and diluted loss per share was \$(.17) for the year ended December 31, 2010, as compared to \$(.71) in 2009. The Company's net loss and loss per share were lower due to the items previously discussed.

## Agricultural Segment Results

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

	2010	2009	% Increase	
Net sales	\$675,178	\$563,528	20	%
Gross profit	108,102	51,955	108	%
Income from operations	91,953	26,980	241	%

Net sales in the agricultural market were \$675.2 million for the year ended December 31, 2010, as compared to \$563.5 million in 2009. Agricultural segment sales for the first quarter of 2010 sales were lower by \$36.2 million when compared to the first quarter of 2009. However, sales for the remainder of the year increased; more than offsetting the first quarter reduction.

Gross profit in the agricultural market was \$108.1 million for the year 2010, as compared to \$52.0 million in 2009. Income from operations in the agricultural market was \$92.0 million for the year 2010, as compared to \$27.0 million in 2009. The gross profit margin for 2010 was higher than 2009 primarily due to the negative margins in the second half of 2009 resulting from extended production facility shutdowns and improved plant utilization resulting from higher sales levels.

## Earthmoving/Construction Segment Results

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

	2010 As Restated	2009	% Increase	
Net sales	\$191,042	\$144,589	32	%
Gross profit (loss)	(3,400 )	3,595	n/a	
Loss from operations	(11,296 )	(7,999 )	41	%

The Company's earthmoving/construction market net sales were \$191.0 million for the year ended December 31, 2010, as compared to \$144.6 million in 2009. The sales in the earthmoving/construction segment have improved, yet remain at low levels, down over 30 percent when compared to 2008 or 2007. A primary reason for the low sales levels in this segment was the continued weakness in the construction areas related to the commercial, residential and infrastructure industries.

Gross loss in the earthmoving/construction market was \$(3.4) million for the year 2010, as compared to gross profit of \$3.6 million in 2009. The Company's earthmoving/construction market loss from operations was \$(11.3) million for the year 2010, as compared to \$(8.0) million in 2009. The lower gross profit in 2010 when compared to 2009 was primarily the result of a write-down in inventory value of approximately \$15 million for certain large earthmoving/construction tires partially offset by substantially higher plant utilization rates.

## Consumer Segment Results

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

	2010	2009	% Increase (Decrease)	
Net sales	\$15,371	\$19,482	(21	)%
Gross profit	2,867	1,604	79	%
Income (loss) from operations	2,542	(206	)	n/a

Consumer market net sales were \$15.4 million for the year ended December 31, 2010, as compared to \$19.5 million in 2009. The continued reduction in consumer market sales was primarily attributed to the sustained contraction in consumer discretionary spending.

Gross profit from the consumer market was \$2.9 million in 2010 as compared to \$1.6 million in 2009. Consumer market income from operations was \$2.5 million for the year 2010, as compared to loss from operations of \$(0.2) million in 2009. The gross profit and income from operations in 2009 were negatively affected by the second half extended production facility shutdowns.

## Segment Summary

(Amounts in thousands)

2010	Agricultural	Earthmoving/ Construction As Restated	Consumer	Corporate Expenses	Consolidated Totals As Restated				
Net sales	\$675,178	\$191,042	\$15,371	\$0	\$881,591				
Gross profit (loss)	108,102	(3,400	)	2,867	(3,479	)	104,090		
Income (loss) from operations	91,953	(11,296	)	2,542	(52,254	)	30,945		
2009									
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	)

## 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 \$52.3 million for the year ended December 31, 2010, as compared to \$37.7 million in 2009.

Corporate expenses for the year ended December 31, 2010, were composed of selling and marketing expenses of approximately \$20 million and administrative expenses of approximately \$32 million.

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.

Selling & marketing expenses were approximately \$2 million higher in 2010 as the result of higher sales levels. Corporate administrative expenses were approximately \$12 million higher in 2010, when compared to 2009. Corporate administrative expenses were higher primarily as the result of (i) CEO and management incentive compensation which was approximately \$6 million higher, (ii) legal and professional fees which were approximately \$2 million higher due primarily to fees associated with potential acquisitions, and (iii) approximately \$2 million additional group insurance expense.



## 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):

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

## 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):

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

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):

	2009	2008	% Increase	
Research and development	\$8,850	\$3,490	154	%

Percentage of net sales	1.2	%	0.3	%
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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.

## 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
Percentage of net sales	(2.6)%	7.1%	%

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.

## Gain (Loss) on Note Repurchase

Gain (loss) on note repurchase was as follows (amounts in thousands):

	2009	2008	% Increase
Gain (loss) on note repurchase	\$1,398	\$0	n/a



For the year ended December 31, 2009, the Company recorded a gain on a note repurchase of \$1.4 million resulting from the Company's repurchase of \$6.2 million of principal value of senior unsecured notes for approximately \$4.8 million in the first quarter of 2009.

## Noncash Titan Europe Plc charge

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

	2009	2008	% Decrease
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):

	2009	2008	% Decrease
Other income	\$1,740	\$2,509	(31 )%

Other income was \$1.7 million for the year ended December 31, 2009, as compared to \$2.5 million in 2008. The major items included in 2009 were: (i) investment gain on contractual obligations of \$1.3 million; (ii) interest income of \$0.2 million; and (iii) 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):

	2009	2008	% Decrease
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):

	2009	2008	% Increase
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
2009					
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
2008					
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.

## LIQUIDITY AND CAPITAL RESOURCES

## Cash Flows

As of December 31, 2010, the Company had \$239.5 million of cash within various bank accounts. The cash balance increased by \$10.3 million from December 31, 2009, due to the following items.

(amounts in thousands)	Year ended December 31,		
	2010	2009	Change
Cash	\$239,500	\$229,182	\$10,318

## Operating Cash Flows

Summary of cash flows from operating activities:

(Amounts in thousands)	Year ended December 31,		
	2010 As Restated	2009	Change
Net loss	\$(5,926 )	\$(24,645 )	\$18,719
Depreciation and amortization	37,567	34,296	3,271
Deferred income tax benefit	(2,079 )	(2,950 )	871
(Gain) loss on note repurchase	14,573	(1,398 )	15,971
Noncash goodwill impairment charge	0	11,702	(11,702 )
Accounts receivable	(21,491 )	59,018	(80,509 )
Inventories	(8,007 )	37,170	(45,177 )
Accounts payable	11,035	(41,301 )	52,336
Other current liabilities	11,426	(462 )	11,888
Other operating activities	13,613	883	12,730
Cash provided by operating activities	\$50,711	\$72,313	\$(21,602 )

For the year ended December 31, 2010, operating activities provided cash of \$50.7 million which included a net loss of \$(5.9) million, an increase in accounts payable of \$11.0 million, an increase in other current liabilities of \$11.4 million and cash flows from other operating activities of \$13.6 million. Net loss included noncash charges of \$37.6 million for depreciation and amortization and a \$14.6 million loss on note repurchase. Positive cash flows were offset by increases in accounts receivable and inventory of \$21.5 million and \$8.0 million, respectively.

In comparison, 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 million for the noncash goodwill impairment charge.

Operating cash flows decreased \$21.6 million from the year ended December 31, 2009, to December 31, 2010. The net loss for 2010 decreased \$18.7 million from the loss in 2009. When comparing 2010 to 2009, cash flows from accounts receivable and inventories decreased \$80.5 million and \$45.2 million, respectively. These decreases were offset by increases in cash flow from accounts payable of \$52.3 million. The increases in accounts receivable and accounts payable is the result of significantly higher fourth quarter sales, which increased approximately 59% when comparing the fourth quarter of 2010 to the fourth quarter of 2009. The inventory increase in 2010 was due to rebuilding inventory balances from the substantially reduced year-end 2009 inventory levels.

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.

## Investing Cash Flows

## Summary of cash flows from investing activities:

(Amounts in thousands)

	Year ended December 31,		
	2010	2009	Change
Capital expenditures	\$(28,854 )	\$(39,537 )	\$10,683
Acquisition of shares of Titan Europe Plc	0	(2,399 )	2,399
Other investing activities	106	1,042	(936 )
Cash used for investing activities	\$(28,748 )	\$(40,894 )	\$12,146

Net cash used for investing activities was \$28.7 million in 2010, as compared to \$40.9 million in 2009 and \$79.8 million in 2008. The Company invested a total of \$28.9 million in capital expenditures in 2010, compared to \$39.5 million in 2009 and \$80.0 million in 2008. In 2010, approximately \$7 million of the capital expenditures related to the purchase of Denman Tire molds and equipment. Capital expenditures include Giant OTR Project expenditures of approximately \$23 million in 2009 and approximately \$60 million in 2008. The remaining capital expenditures of approximately \$22 million in 2010, approximately \$16 million in 2009, and approximately \$20 million in 2008, represent various equipment purchases and improvements to enhance production capabilities of Titan's existing business.

Cash used for investing decreased \$12.1 million from the year ended December 31, 2009, to December 31, 2010. 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,		
	2010	2009	Change
Proceeds from borrowings	\$200,000	\$172,500	\$27,500
Repurchase of senior notes	(206,166 )	(4,726 )	(201,440 )
Payments on credit facility	0	(25,000 )	25,000
Proceeds from exercise of stock options	285	1,142	(857 )
Payment of financing fees	(5,057 )	(7,107 )	2,050
Other financing activities	(707 )	(704 )	(3 )
Cash provided by (used for) financing activities	\$(11,645 )	\$136,105	\$(147,750 )

Net cash used for financing activities was \$11.6 million in 2010. \$206.2 million was used to repurchase senior notes and \$5.1 million was used for payment of financing fees. This was offset by proceeds from the issuance of \$200.0 million of 7.875 % senior secured notes due 2017.

Net cash provided by financing activities was \$136.1 million in 2009. This cash was provided primarily by 5.625% 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.

Financing cash flows decreased by \$147.8 million when comparing 2010 to 2009. Also, financing cash flows increased \$104.1 million when comparing 2009 to 2008. The large changes from year to year are primarily the result of changes in debt activity.





#### Debt Covenants

The Company's revolving credit facility (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 credit facility balance.
- If the 30-day average of the outstanding credit facility balance exceeds \$70 million, the fixed charge coverage ratio be equal to or greater than a 1.1 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 was in compliance with these covenants and restrictions as of December 31, 2010. The collateral coverage ratio was not applicable as there were no outstanding borrowings under the revolving credit facility at December 31, 2010. The fixed charge coverage ratio did not apply for the quarter ended December 31, 2010.

#### Other Issues

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 in the first and second quarters. However, in 2010, Titan experienced higher sales in the third and fourth quarters due to improved demand in the agricultural and earthmoving/construction segments.

#### LIQUIDITY OUTLOOK

At December 31, 2010, the Company had \$239.5 million of cash and cash equivalents and no outstanding borrowings on the Company's \$100 million credit facility. Titan expects to contribute approximately \$3 million to its frozen defined benefit pension plans during 2011.

In January 2011, Titan was approached by a note holder of the Company's 5.625% Convertible Senior Subordinated Notes due 2017 (the "Convertible Notes"), with an offer to exchange the note holder's Convertible Notes for the Company's common stock. The two parties privately negotiated an agreement to exchange (the "Exchange Agreement") approximately \$59.6 million in aggregate principal amount of the Convertible Notes for up to approximately 6.6 million shares of the Company's common stock, plus a payment for the accrued and unpaid interest. The exchange was closed on January 19, 2011. The Convertible Notes exchanged represented approximately 35% of the outstanding Convertible Notes. In the first quarter of 2011, the Company will recognize a noncash charge of approximately \$16 million in connection with this exchange in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

Capital expenditures for 2011 are forecasted to be approximately \$15 million to \$20 million. Cash payments for interest are currently forecasted to be approximately \$22 million in 2011 based on year-end 2010 debt balances adjusted for the January 2011 convertible debt exchange.

In December 2010, Titan announced that it had entered into agreements with the Goodyear Tire & Rubber Company to buy their European and Latin American farm tire businesses, including a licensing agreement that will allow Titan to manufacture and sell Goodyear-brand farm tires in Europe, Africa, Eastern Europe, Russia, Latin America and North America. The Latin American portion of the transaction is expected to close in the first half of 2011 for approximately \$100 million of cash consideration. The European portion of the transaction is subject to the exercise of a put option by Goodyear following completion of a social plan and is anticipated to close no earlier than the end of 2011 for an amount of approximately \$30 million of cash consideration.

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 2010, 2009 and 2008, 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, 2010, 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
7.875% senior secured notes due 2017	\$200,000	\$0	\$0	\$0	\$200,000
5.625% senior subordinated convertible notes due 2017 (a)	112,881	0	0	0	112,881
8% senior unsecured notes due 2012	1,064	0	1,064	0	0
Interest expense (b)	132,734	22,232	44,203	44,199	22,100
Operating leases	449	370	78	1	0
Purchase obligations	4,829	2,180	2,649	0	0
Other long-term liabilities (c)	25,700	3,000	7,700	6,700	8,300
Royalty payment (d)	18,600	9,300	9,300	0	0
<b>Total</b>	<b>\$496,257</b>	<b>\$37,082</b>	<b>\$64,994</b>	<b>\$50,900</b>	<b>\$343,281</b>

- (a) The December 31, 2010, convertible note balance has been adjusted for the January 19, 2011, exchange agreement in which a note holder exchanged convertible notes for stock.
- (b) Interest expense is estimated based on the Company's year-end 2010 debt balances, maturities and interest rates. The estimates have been decreased for the known decrease in the convertible notes balance on January 19, 2011. The estimates assume no credit facility 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.
- (c) 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.
- (d) 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 two years, the current term of the agreement, using the annual 2010 royalty payment of approximately \$9.3 million as an estimate would total approximately \$18.6 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 \$22.7 million at December 31, 2010, and \$6.5 million at December 31, 2009. 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, 2010, would amount to approximately \$2.3 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 \$100 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 \$1.0 million. At December 31, 2010, there were no borrowings under the credit facility.
- **8% senior unsecured notes due 2012** At December 31, 2010, the fair value of the 8% senior unsecured notes due January 2012, based on market prices obtained through independent pricing sources, was approximately \$1.2 million, compared to a carrying value of \$1.1 million.
- **5.625% convertible senior subordinated notes due 2017** At December 31, 2010, the fair value of the 5.625% convertible senior subordinated notes due January 2017, based on market prices obtained through independent pricing sources, was approximately \$362.9 million, compared to a carrying value of \$172.5 million.
- **7.875% senior secured notes due 2017** At December 31, 2010, the fair value of the 7.875% senior secured notes due 2017, based on market prices obtained through independent pricing sources, was approximately \$213.0 million, compared to a carrying value of \$200.0 million.

## MARKET CONDITIONS AND OUTLOOK

The on-going uncertainty in domestic and global economic conditions makes it difficult to forecast future sales levels. In 2010, Titan experienced higher sales when compared to the depressed sales levels in the second half of 2009. During the second half of 2009, Titan implemented extended shutdowns in conjunction with many of the Company's major customers, which resulted in a steep drop in sales. The Company did not implement any extended shutdowns in the second half of 2010 and is not currently anticipating the need for extended shutdowns in 2011. The Company continues to see signs that the market for Titan's products experienced the bottom of a cycle in late 2009 and early 2010.

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.

The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities expired on November 19, 2010, for the employees covered by their respective collective bargaining agreements, which account for approximately 29% of the Company's employees in the United States. As of December 31, 2010, the employees of these two facilities were working without a contract under the terms of the Company's latest offer. Titan's business operations may be negatively affected if agreements are not reached or as a result of labor disputes, difficulties and delays in the process of renegotiating the Company's collective bargaining agreements.

#### AGRICULTURAL MARKET OUTLOOK

Agricultural market sales were higher in 2010 when compared to the second half of 2009. Agricultural market sales were at reduced levels in the second half of 2009 as the result of extended shutdowns. Titan expects the agricultural market sales levels of the second half of 2010 to continue into 2011. The increase in the global population and the rising middle class in emerging countries may help grow future demand. The gradual increase in the use of biofuels may help sustain future production. Many variables, including weather, grain prices, export markets and future government policies and payments can greatly influence the overall health of the agricultural economy.

#### EARTHMOVING/CONSTRUCTION MARKET OUTLOOK

Earthmoving and mining sales continue to improve from the low levels of the second half of 2009. Metals, oil and gas prices have increased from 2009's lows. Although they may fluctuate in the short-term, in the long-term, these prices are expected to remain at levels that are attractive for continued investment, which should help support future earthmoving and mining sales. The decline in the United States housing market continues to cause a lower 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 on-going banking and credit issues. For 2011, the Company expects a gradual improvement in sales to continue.

#### CONSUMER MARKET OUTLOOK

Consumer discretionary spending has experienced a major contraction as a result of on-going economic issues, 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. Many factors continue to affect the consumer market including weather, competitive pricing, energy prices and consumer attitude. For 2011, 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 21 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 year ended December 31, 2010, the Company contributed cash funds of \$1.8 million to the frozen defined benefit pension plans. Titan expects to contribute approximately \$3 million to these frozen defined benefit pension plans during 2011.

Titan's projected benefit obligation at December 31, 2010, was \$98.8 million as compared to \$93.7 million at December 31, 2009. The Company's defined benefit pension plans were underfunded by \$25.7 million at December 31, 2010. During 2010, the Company recorded net periodic pension expense of \$4.0 million. Accumulated other comprehensive loss recorded for defined benefit pension plans, net of tax, was \$27.4 million and \$28.0 million at December 31, 2010 and 2009, 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

### Fair Value Measurements and Disclosures

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements." This guidance requires new disclosures for transfers in and out of Level 1 and Level 2 fair value measurements. This guidance requires separate presentation about purchases, sales, issuances, and settlements for activity in Level 3 fair value measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The guidance for new disclosures and clarifications of existing disclosures was effective for reporting periods beginning after December 15, 2009. The adoption of this part of the guidance had no material effect on the Company's financial position, results of operations or cash flows. The guidance related to presentation of Level 3 fair value measurements is effective for fiscal years beginning after December 15, 2010. The adoption of this part of the guidance is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

### Receivables

In July 2010, FASB issued ASU No. 2010-20, "Receivables (Topic 310) – Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." This guidance amends Topic 310 to improve the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The disclosures as of the end of a reporting period were effective for reporting periods ending on or after December 15, 2010. The adoption of this part of the guidance had no material effect on the Company's financial position, results of operations or cash flows. The disclosures about activity that occurs during a reporting period are effective for reporting periods beginning on or after December 15, 2010. The adoption of this part of the guidance is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

### Business Combinations

In December 2010, FASB issued ASU No. 2010-29, "Business Combinations (Topic 805) – Disclosure of Supplementary Pro Forma Information for Business Combinations." This update addresses diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this guidance is not expected to have a 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

### Restatement

On October 25, 2011, management of the Company and Titan’s Audit Committee of the Board of Directors (Audit Committee) concluded that the Company’s consolidated financial statements as of and for the year ended December 31, 2010, contained in its Annual Report on Form 10-K and the unaudited consolidated condensed financial statements for the first and second quarters of 2011 included in the Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 should no longer be relied upon as a result of the error described in the following paragraph.

In the third quarter of 2008, the Company began manufacturing the first generation (Gen 1) of its super giant tires. In the fourth quarter of 2009, the Company ceased manufacturing Gen 1 tires due to the creation of the second generation (Gen 2) of super giant tires which began production in the first quarter of 2010. During the fourth quarter of 2010, the Company recorded a \$5.1 million charge to reduce the remaining Gen 1 tire inventory to an estimated market value of \$10.6 million. In October of 2011, the Company determined that the analysis performed in the fourth quarter of 2010 that created the \$5.1 million adjustment was not reflective of all the facts and circumstances that existed at December 31, 2010. After reconsidering the facts and circumstances that existed at December 31, 2010, the Company determined that the estimated market value of the Gen 1 tires that remained as of December 31, 2010 was \$0.7 million. Accordingly, the Company is restating its consolidated financial statements as of and for the year ended December 31, 2010 to reflect an additional charge of \$9.8 million for its Gen 1 inventory. In connection with this restatement, management determined there is a deficiency in the internal control relating to the valuation of Gen 1 inventory that should be classified as a material weakness.

### Evaluation of Disclosure Controls and Procedures (Restated)

In the Company’s Annual Report on Form 10-K for the year ended December 31, 2010, originally filed on February 24, 2011, the Company’s principal executive officer and principal financial officer concluded the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of December 31, 2010. In connection with the Company’s decision to restate the December 31, 2010 consolidated financial statements, the Company’s principal executive officer and principal financial officer, re-evaluated the effectiveness of the design and operation of Titan’s disclosure controls and procedures and have concluded that the Company’s disclosure controls and procedures were not effective as of December 31, 2010, as a result of the material weakness related to the valuation of the Gen 1 tires as discussed below in Management’s Report on Internal Control Over Financial Reporting.

Notwithstanding the material weaknesses described below, the Company and its management have concluded that the Company's consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K/A are fairly stated, in all material respects, in accordance with generally accepted accounting principles in the United States of America for each of the periods presented herein.

#### Management's Report on Internal Control Over Financial Reporting (Restated)

Titan's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed by, or under the supervision of, Titan's principal executive officer and principal financial officer, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company;
- 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
- 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.

As a result of the error discussed above and in Note 2 of the Company's Notes to Consolidated Financial Statements in this Form 10-K/A, and material weakness discussed below, management reassessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this reassessment, management used the criteria described in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statement will not be prevented or detected on a timely basis. Based on management's reassessment, management is restating its original report and has now concluded that the Company's internal control over financial reporting was not effective as of December 31, 2010, due to the fact that there was a material weakness related to its accounting for inventory. Specifically, the Company's control with respect to its valuation of certain tire inventory (Gen 1) did not accurately calculate the decline in value as of December 31, 2010. This control deficiency resulted in the restatement of the Company's 2010 annual consolidated financial statements and its interim financial information for the quarterly periods ended March 31 and June 30, 2011. If not remediated, this control deficiency could result in future material misstatement to inventory and cost of goods sold within the Company's financial statements.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010, 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/A.

#### Changes in Internal Controls Over Financial Reporting

There were no material changes other than the material weakness in the Gen 1 inventory described above 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.



#### Remediation Plan

Management and the Board of Directors are committed to the continued improvement of the Company's overall system of internal control over financial reporting. Management believes the remediation measures described below will remediate the identified control deficiency and strengthen the Company's internal control over financial reporting.

Management will implement the following measures to remediate the internal control deficiency with respect to its valuation of Gen 1 inventory.

- The methodology for computing the market value of the Gen 1 inventory will be re-evaluated to accurately calculate the market value of the Gen 1 inventory. To enhance this methodology, the Company will utilize more critical analysis of relevant market information used to determine inventory market value.
- When calculating the market value of the Gen 1 inventory, the Company will use input from a variety of Titan personnel including management, accounting, and sales, as well as any information available to Titan from outside sources.

#### 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 2011 Proxy Statement under the captions "Election of Mr. Cashin, Mr. Febbo and Mr. Quain 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., 66, 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.

Paul G. Reitz, 38, joined the Company in July 2010 as Chief Financial Officer. Before joining Titan, Mr. Reitz was chief accounting officer at Carmike Cinemas, Inc. Mr. Reitz previously served as Controller at Yellowbook USA Inc. from April 2002 to July 2008.

Kent W. Hackamack, 52, served as Corporate Controller of the Company from 1994 to 1996. Mr. Hackamack was appointed Vice President of Finance and Treasurer in 1996. In July 2010, Mr. Hackamack was named executive vice president of corporate development.

Cheri T. Holley, 63, 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 2011 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 2011 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 2011 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, 2010:

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	829,224 (a)	13.75	722,782
Equity compensation plans not approved by security holders	0	n/a	0
<b>Total</b>	<b>829,224</b>	<b>13.75</b>	<b>722,782</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 22 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 2011 Proxy Statement under the caption “Related Party Transactions” and “Corporate Governance” and also appears in Note 26 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 2011 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
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Report of Independent Registered Public Accounting Firm	F-2
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Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008	F-4
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Consolidated Balance Sheets at December 31, 2010 and 2009	F-5
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Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2008, 2009 and 2010	F-6
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Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008	F-7
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Notes to Consolidated Financial Statements	F-8 through F-40
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## 2. Financial Statement Schedule

Schedule II – Valuation Reserves	S-1
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## 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: November 9, 2011

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 November 9, 2011.

Signatures	Capacity
/s/ MAURICE M. TAYLOR JR. Maurice M. Taylor Jr.	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ PAUL G. REITZ Paul G. Reitz	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ J. MICHAEL A. AKERS J. Michael A. Akers	Director
/s/ ERWIN H. BILLIG Erwin H. Billig	Director
/s/ RICHARD M. CASHIN JR. Richard M. Cashin Jr.	Director
/s/ ALBERT J. FEBBO Albert J. Febbo	Director
/s/ MITCHELL I. QUAIN Mitchell I. Quain	Director
/s/ ANTHONY L. SOAVE	Director

Anthony L. Soave

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TITAN INTERNATIONAL, INC.  
 Exhibit Index  
 Annual Report on Form 10-K/A

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)	First Supplemental Indenture dated September 14, 2010 to December 28, 2006 Indenture between the Company and U.S. Bank National Association
4.3 (e)	Indenture between the Company and U.S. Bank National Association dated December 21, 2009
4.4 (d)	Indenture between the Company and U.S. Bank National Association dated October 1, 2010
10.1 (f)	1994 Non-Employee Director Stock Option Plan
10.2 (g)	2005 Equity Incentive Plan
10.3 (h)	Amended and Restated Credit Agreement among the Company and Bank of America, N.A. dated as of January 30, 2009
10.4 (i)	First Amendment to Amended and Restated Credit Agreement dated as of September 9, 2010
10.5 (j)	Second Amendment to Amended and Restated Credit Agreement dated as of January 7, 2011
10.6 (j)	Form of Exchange Agreement for 5.625% Convertible Senior Subordinated Notes due 2017
10.7 (k)	Maurice M. Taylor, Jr. Employment Agreement
10.8 (k)	Kent W. Hackamack Employment Agreement
10.9 (k)	Cheri T. Holley Employment Agreement
10.10 (l)	Maurice M. Taylor, Jr. Employment Agreement Amendment
10.11 (a)	Trademark License Agreement with The Goodyear Tire & Rubber Company **
10.12 (a)	Supply Agreement with Deere & Company – August 2006 **
10.13 (a)	Supply Agreement with Deere & Company – April 2008 **
10.14 (l)	Wheel Purchase Agreement with Deere & Company – November 2010 **
10.15 (l)	Purchase Agreement – Latin America between The Goodyear Tire & Rubber Company and Titan Tire Corporation dated December 13, 2010
10.16 (l)	Put Option between The Goodyear Tire & Rubber Company, Goodyear Dunlop Tires France SA and Titan Tire Corporation dated December 13, 2010
21*	Subsidiaries of the Registrant
23*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of 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

\*\* Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

(a)

Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended September 30, 2010 (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 October 5, 2010. (No. 1-12936).
- (e) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on December 21, 2009 (No. 1-12936).
  - (f) Incorporated by reference to the Company's Registration Statement on Form S-3 (No. 333-61743).
- (g) Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement filed on March 30, 2005.
- (h) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-K for the year ended December 31, 2009 (No 1-12936).
- (i) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on September 9, 2010 (No. 1-12936).
- (j) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on January 7, 2011 (No. 1-12936).
- (k) 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).
- (l) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-K for the year ended December 31, 2010 (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/A. Management believes that the consolidated financial statements fairly reflect the Company's financial 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, 2010, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.



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 index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Titan International, Inc. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Management and we previously concluded that the Company maintained effective internal control over financial reporting as of December 31, 2010. However, management has subsequently determined that a material weakness in internal control over financial reporting related to the Company's valuation of certain tire inventory that did not accurately calculate the decline in value as of December 31, 2010 existed as of that date. Accordingly, management's report has been restated and our present opinion on internal control over financial reporting, as presented herein, is different from that expressed in our previous report. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to the Company's valuation of certain tire inventory that did not accurately calculate the decline in value as of December 31, 2010, existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Report on Internal Control over Financial Reporting. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2010 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, 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 referred to above. Our responsibility is to express opinions on these financial statements 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.

As described in Note 2 to the consolidated financial statements, the Company has restated its 2010 financial statements to correct an error.

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 23, 2011, except for the effects of the restatement described in Note 2 to the consolidated financial statements and the matter described in the penultimate paragraph of Management's Report on Internal Control over Financial Reporting (Restated) as to which the date is November 9, 2011

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

	Year ended December 31,		
	2010 As Restated	2009	2008
Net sales	\$881,591	\$727,599	\$1,036,700
Cost of sales	777,501	671,634	896,986
Gross profit	104,090	55,965	139,714
Selling, general and administrative expenses	57,565	46,734	53,661
Research and development expenses	6,317	8,850	3,490
Royalty expense	9,263	7,573	9,242
Noncash goodwill impairment charge	0	11,702	0
Income (loss) from operations	30,945	(18,894 )	73,321
Interest expense	(26,667 )	(16,246 )	(15,122 )
Gain (loss) on note repurchase	(14,573 )	1,398	0
Noncash Titan Europe Plc charge	0	0	(37,698 )
Other income	1,105	1,740	2,509
Income (loss) before income taxes	(9,190 )	(32,002 )	23,010
Income tax provision (benefit)	(3,264 )	(7,357 )	9,673
Net income (loss)	\$(5,926 )	\$(24,645 )	\$13,337
Earnings (loss) per common share:			
Basic	\$(.17 )	\$(.71 )	\$.39
Diluted	(.17 )	(.71 )	.38
Average common shares and equivalents outstanding:			
Basic	34,896	34,708	34,410
Diluted	34,896	34,708	34,838

See accompanying Notes to Consolidated Financial Statements.

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

	December 31,	
	2010	2009
	As Restated	
Assets		
Current assets		
Cash and cash equivalents	\$239,500	\$229,182
Accounts receivable (net of allowance of \$3,889 and \$3,958, respectively)	89,004	67,513
Inventories	118,143	110,136
Deferred income taxes	16,040	11,108
Prepaid and other current assets	18,663	27,277
Total current assets	481,350	445,216
Property, plant and equipment, net	248,054	254,461
Deferred income taxes	0	7,253
Other assets	51,476	29,533
Total assets	\$780,880	\$736,463
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$35,281	\$24,246
Other current liabilities	57,072	45,826
Total current liabilities	92,353	70,072
Long-term debt	373,564	366,300
Deferred income taxes	1,664	0
Other long-term liabilities	41,268	38,138
Total liabilities	508,849	474,510
Commitments and contingencies: Notes 13, 23 and 24		
Stockholders' equity		
Common stock (no par, 120,000,000 shares authorized, 37,475,288 issued)	30	30
Additional paid-in capital	300,540	299,519
Retained earnings	9,744	16,377
Treasury stock (at cost, 2,108,561 and 2,214,347 shares, respectively)	(19,324 )	(20,274 )
Treasury stock reserved for contractual obligations	(1,917 )	(5,393 )
Accumulated other comprehensive loss	(17,042 )	(28,306 )
Total stockholders' equity	272,031	261,953
Total liabilities and stockholders' equity	\$780,880	\$736,463

See accompanying Notes to Consolidated Financial Statements.

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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
Balance January 1, 2008	#34,183,484	\$						