Cooper-Standard Holdings Inc.
Form 10-K
March 31, 2008

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

FORM 10-K

(Mark one)

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

For the fiscal year ended December 31, 2007

OR

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

For the transition period from to

Commission file number 333-123708

COOPER-STANDARD HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware

20-1945088 (State or other jurisdiction of
incorporation or organization) (I.R.S. Employer Identification No.)
39550 Orchard Hill Place Drive
Novi, Michigan 48375
(Address of principal executive offices) (Zip Code)

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes 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, a non-accelerated filer, or a smaller reporting company. See definitions of ''large accelerated filer'', ''accelerated filer'' and ''smaller reporting company'' in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The number of the registrant's shares of common stock, $0.01 par value per share, outstanding as of March 21, 2008 was 3,483,600 shares.

The registrant's common stock is not publicly traded.

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PART I

Item 1. Business

The terms the ''Company,'' ''Cooper-Standard,'' ''we,'' ''us,'' and ''our'' in this Form 10-K refer to Cooper-Standard Holdin and its consolidated subsidiaries, unless the context requires otherwise.

General:

Cooper-Standard provides innovative solutions to the automotive industry. We are a leading global manufacturer of fluid handling, body sealing, and noise, vibration and harshness control (''NVH'') components, systems, subsystems, and modules, primarily for use in passenger vehicles and light trucks for global original equipment manufacturers (''OEMs'') and replacement markets. The Company conducts substantially all of its activities through its subsidiaries. The Company's principal executive offices are located at 39550 Orchard Hill Place Drive, Novi, Michigan 48375, and its telephone number is (248) 596-5900. We also maintain a website at www.cooperstandard.com, which is not a part of this Form 10-K.

We believe that we are the largest global producer of body sealing systems, one of the two largest North American producers in the NVH control business, and the second largest global producer of the types of fluid handling products that we manufacture. Approximately 80% of our sales in 2007 were to automotive original equipment manufacturers (''OEMs''), including Ford, General Motors, Chrysler (collectively, the ''Detroit 3''), Audi, BMW, Fiat, Honda, Mercedes Benz, Porsche, PSA Peugeot Citroën, Renault/Nissan, Toyota, and Volkswagen. The remaining 20% of our 2007 sales were primarily to Tier I and Tier II automotive suppliers. In 2007, our products were found in 19 of the 20 top-selling models in North America and in 17 of the 20 top-selling models in Europe.

We operate in 69 manufacturing locations and nine design, engineering, and administrative locations in 18 countries around the world. The Company's global locations, and the number of facilities in each country with more than one facility, are as follows:

Americas Europe Asia Pacific Brazil Belarus Australia Camaçari Baranovichi Adelaide Varginha Sao Paulo* Belgium China Gent Changchun Canada Chongqing Georgetown, ON Czech Republic Huai-an Glencoe, ON Zdar Jingzhou Mitchell, ON Kunshan Stratford, ON (3) France Panyu Argenteuil* Shanghai Mexico Baclair Wuhu Aguascalientes Creutzwald Atlacomulco Lillebonne India Guaymas Vitré Chennai Juarez Ghaziabad Saltillo Germany Gurgaon Torreon (2) Grünberg Halol Hockenheim Pune USA Lindau Archbold, OH Mannheim Japan Auburn, IN Marsberg Hiroshima* Auburn Hills, MI* Schelklingen Nagoya* Bowling Green, OH (2)
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Americas Europe Asia Pacific Bremen, IN Italy Korea East Tawas, MI Battipaglia Cheong-Ju Fairview, MI Ciriè Incheon* Farmington Hills, MI* Seo-Cheon Gaylord, MI Poland Goldsboro, NC (2) Bielsko-Biala Leonard, MI Dzierzoniow (2) Mt. Sterling, KY Myslenice New Lexington, OH Piotrkow Novi, MI* Oscoda, MI Spain Spartanburg, SC Getafe Surgoinsville, TN Topeka, IN United Kingdom Coventry*

* Denotes non-manufacturing locations.

Our net sales have grown from $1.8 billion for the year ended December 31, 2005, to $2.5 billion for the year ended December 31, 2007. See ‘‘Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Company Overview.’’

Some market data and other statistical information used throughout this Form 10-K is based on data available from CSM Worldwide, an independent market research firm. Other data are based on our good faith estimates, which are derived from our review of internal surveys, as well as third party sources. Although we believe all of these third party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. To the extent that we have been unable to obtain information from third party sources, we have expressed our belief on the basis of our own internal analyses and estimates of our and our competitors’ products and capabilities. The Company’s principal shareholders are affiliates of The Cypress Group L.L.C. and GS Capital Partners 2000, L.P., whom we refer to as our ‘‘Sponsors.’’ Each of the Sponsors, including their respective affiliates, currently owns approximately 49.2% of the equity of Cooper-Standard Holdings Inc. See ‘‘Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.’’

Acquisition History

On December 23, 2004, Cooper-Standard Holdings Inc. acquired the automotive segment of Cooper Tire & Rubber Company (the ‘‘2004 Acquisition’’) and began operating the business on a stand-alone basis primarily through its principal operating subsidiary, Cooper-Standard Automotive Inc. See ‘‘Item 8. Financial Statements and Supplementary Data’’ (especially Notes 8 and 17, respectively) for further descriptions of the Senior Notes, Senior Subordinated Notes, and Senior Credit Facilities and of the equity contributions relating to the 2004 Acquisition.

In July 2005, the Company acquired Gates Corporation’s Enfriamientos de Automoviles manufacturing operations in Atlacomulco, Mexico (the ‘‘Atlacomulco business’’). The Atlacomulco business manufactures low pressure heating and cooling hose, principally for the OEM automotive market.

In February 2006, the Company acquired the automotive fluid handling systems business of ITT Industries, Inc. (‘‘FHS’’ or the ‘‘FHS business’’). See ‘‘Item 8. Financial Statements and Supplementary Data’’ (especially Note 3).

In March 2007, the Company acquired Automotive Components Holdings’ El Jarudo manufacturing operations located in Juarez, Mexico (the ‘‘El Jarudo business’’). The El Jarudo business manufactures automotive fuel rails.

In August 2007, the Company completed the acquisition of nine Metzeler Automotive Profile Systems sealing systems operations in Germany, Italy, Poland, Belarus, and Belgium, and a joint venture interest in China (''MAPS'' or the ''MAPS business'') from Automotive Sealing Systems S.A. (''ASSSA''). See ''Item 8. Financial Statements and Supplementary Data'' (especially Note 3).

In December 2007, the Company acquired the 74% joint venture interest of ASSSA in Metzeler Automotive Profiles India Private Limited (''MAP India''), a leading manufacturer of automotive sealing products in India. See ''Item 8. Financial Statements and Supplementary Data'' (especially Note 3).

Strategy:

We intend to build on our position as one of the world's leading automotive suppliers of body sealing, NVH control and fluid handling components and systems by focusing on the following key strategic areas:

Strengthening relationships with the Detroit 3 and expanding relationships with other OEMs

We plan to strengthen our leading positions with the Detroit 3 while aggressively pursuing additional business opportunities with New American Manufacturers (''NAMs'') and European and Asian OEMs. The Detroit 3 are long established, highly valued customers with revenue streams spread among all platform categories, including cars, light trucks, and SUVs. However, we believe NAMs and European and Asian OEMs will provide significant opportunities to further grow our business, especially as Asian OEMs have been rapidly penetrating North American and European markets, and Asian markets are relatively young and growing at a higher rate than other automotive markets. In particular, China's light vehicle market is projected to grow at an 11% compound annual growth rate (''CAGR'') between 2007 and 2012, according to CSM Worldwide estimates, which will make it the world's fastest growing market.

To further strengthen our customer relationships, we plan to continue to focus on our program management capabilities, engineering excellence, and customer service, and to utilize our technological and design capabilities to enhance the value we offer our customers. We will continue to seek customer feedback with respect to quality manufacturing, design and engineering, delivery, and after-sales support in an effort to provide the highest level of customer service and responsiveness. We believe our efforts have been successful to date and we continue to be awarded content on the Detroit 3's most important platforms. We have also achieved several recent successes with other OEMs, such as Nissan, Toyota, Honda, Audi, and Volkswagen. Further, our acquisition of MAPS diversified our customer base with significant new volume with key customers such as Fiat, BMW, Daimler and Volkswagen Group. In Asia, and particularly in China, we have been successful in entering new markets and are developing a substantial manufacturing and marketing presence to serve local OEMs and to follow our customers as they expand into these markets. We operate eight manufacturing locations in China, which provide products and services to both Chinese OEMs and our traditional customers.

Targeting high-volume vehicle platforms and increasing content per vehicle

We intend to target high-volume platforms and to maximize the amount of content we provide to each platform. We expect that high-volume platforms will allow us to efficiently gain market share, create greater economies of scale, and provide more opportunities to realize cost savings from our Lean initiatives program, an internally developed program intended to optimize manufacturing by eliminating waste, controlling cost and enhancing productivity. Supplying OEMs' high-volume platforms is increasingly important because OEMs are using fewer platforms to cover a greater number of vehicle models. Maximizing content-per-vehicle is important not only to increase revenue per vehicle, but also to increase our relative importance to the platform and strengthen our customer relationships with the

OEMs which continue to consolidate their supplier base.

By leveraging our extensive product portfolio and providing superior customer service and product innovations, we have been and expect to continue to be successful in winning significant business on high-volume platforms.

Developing new modular solutions and other value-added products

We believe that significant opportunities exist to grow our current portfolio of products, including components as well as complete sub-systems, modules, and assemblies, by continuing to design, develop,

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and launch new products that distinguish us from our competitors. As a leader in design, engineering, and technical capabilities, we are able to focus on improving products, developing new technologies, and implementing more efficient processes in each of our product lines. Our body sealing products, which are part of our body & chassis product portfolio, are visible to vehicle passengers and can enhance the vehicle's aesthetic appeal, in addition to creating a barrier to wind, precipitation, dust, and noise. Our noise, vibration and harshness control products, which are also part of our body & chassis products, are a fundamental part of the driving experience and can be important to the vehicle quality. Our fluid handling modules and sub-systems are designed to increase functionality and decrease cost to the OEM, which can be the deciding factor in winning new business.

To remain a leader in new product innovation, we will continue to invest in research and development and to focus on new technologies, materials, and designs. We believe that extensive use of Design for Six Sigma and other development strategies and techniques has led to some of our most successful recent product innovations, including our ESP Thermoplastic Glassruns (body & chassis), a proprietary plastics-to-aluminum overmolding process (fluid handling), and our Truck Tuff Hydromounts (body & chassis). Examples of successful modular innovations include engine cooling systems, fuel and brake systems, and exhaust gas recirculation modules in our fluid handling product category, and Daylight Opening Modules in our body & chassis category.

Selectively pursuing complementary acquisitions and alliances

We intend to selectively pursue acquisitions, joint ventures, and technology alliances to enhance our customer base, geographic penetration, market diversity, scale, and technology. Consolidation is an industry trend and is encouraged by OEMs' desire for fewer supplier relationships. We believe joint ventures allow us to penetrate new markets with less relative risk and capital investment. Technology alliances are important because they are an effective way to share development costs, best-practices, and specialized knowledge.

We believe we have a strong platform for growth through acquisitions based on our past integration successes, experienced management team, global presence, and operational excellence. We also operate through several successful joint ventures and technical alliances, including those with Nishikawa Rubber Company, Zhejiang Saiyang Seal Products Co., Ltd. (''Saiyang Sealing''), Guyoung Technology Co. Ltd. (''Guyoung''), Hubei Jingda Precision Steel Tube Industry Co., Ltd. (''Jingda''), Shanghai Automotive Industry Corporation (''SAIC'') and Toyoda Gosei Co., Ltd. (''Toyoda Gosei'').

In July of 2005, we acquired the Atlacomulco business. The business manufactures low pressure heating and cooling hose, principally for the OEM automotive market.

In February of 2006, we furthered our strategy by acquiring the FHS business. We believe that the FHS acquisition has allowed us to provide a more complete line of fluid management solutions for new vehicle platforms, diversified our customer base, and secured our position as the second largest global fluid handling systems supplier in the automotive industry.

In March of 2007, we acquired the El Jarudo business. The business is located in Juarez, Mexico and is a producer of automotive fuel rails.

In August of 2007, we acquired the MAPS business, including nine sealing systems operations in Germany, Italy, Poland, Belarus, and Belgium, and a joint venture interest in China. MAPS is a leader in Europe in the development and manufacture of complete automotive body sealing systems.

In December of 2007, we completed the acquisition of a 74% joint venture interest in MAP India, a leading manufacturer of automotive sealing products in India.

Expanding our footprint in Asia

While we have, through new facilities, acquisitions, and joint ventures, significantly expanded our presence in Asia, particularly China and India, we believe that significant opportunities for growth exist in this fast-growing market. We will continue to evaluate opportunities that enable us to establish or expand our design, technology and commercial support operations in that region and enhance our ability to serve current and future customers.

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Focusing on operational excellence and cost structure

We will continue to intensely focus on the efficiency of our manufacturing operations and on opportunities to reduce our cost structure. Although the automotive supply sector is highly competitive, we believe that we have been able to maintain strong operating margins due in part to our ability to constantly improve our manufacturing processes and to selectively relocate or close facilities. Our primary areas of focus are:

- Identifying and implementing Lean initiatives throughout the Company. Our Lean initiatives are focused on optimizing manufacturing by eliminating waste, controlling cost, and enhancing productivity. Lean initiatives have been implemented at each of our manufacturing and design facilities.
- Evaluating opportunities to relocate operations to lower-cost countries. We have successfully employed this strategy to date by relocating operations to the Czech Republic and Poland from higher-cost countries in Western Europe and from the United States and Canada to Mexico, China, and India. We plan to continue to emphasize our operations in lower-cost countries to capitalize on reduced labor and other costs.
- Consolidating facilities to reduce our cost structure. Our restructuring efforts were primarily undertaken to streamline our global operations. We will continue to take a disciplined approach to evaluating restructuring opportunities that would improve our efficiency, profitability, and cost structure.
- Maintaining flexibility in all areas of our operations. Our operational capital needs are generally lower compared to many in the automotive industry. Our manufacturing machinery is re-programmable and easily movable from job-to-job providing us with a high degree of flexibility in adapting to market changes and serving customers.

Further exploring non-transportation applications for products and technology

While the automotive industry will continue to be our core business, we have recently begun exploring new industries in which we can apply our expertise and manufacture new products utilizing our existing facilities and capabilities. As a leader in the development and manufacture of equipment using rubber, metals and extruded materials, we believe there may be opportunities in other sectors requiring the use of these materials.

Products:

We supply a diverse range of products on a global basis to a broad group of customers. For the year ended December 31, 2007, body & chassis and fluid handling products accounted for 55% and 45%, of net sales, respectively. For the year ended December 31, 2006, body & chassis and fluid handling products accounted for 53% and 47% of net sales, respectively. Our top ten platforms by sales accounted for nearly 40% of net sales in 2007, with the remainder derived from a multitude of platforms, composed of a diversity of sport-utility, light truck, and various classes of sedans and other vehicles. For information related to our reportable segments, please refer to Note 18 to the Consolidated Financial Statements.

Our principal product lines are described below:

Body & Chassis Products

We are a leading global supplier of body & chassis products. Body & chassis products consist of body sealing systems and components that protect vehicle interiors from weather, dust, and noise intrusion and NVH control systems and components that control and isolate noise vibration in a vehicle to improve ride and handling. For the years ended December 31, 2007 and 2006, we generated approximately 55% and 53%, respectively of total revenue before corporate eliminations from the sale of body & chassis products.

We believe we are the largest provider of body sealing products in the world based on sales. We have an extensive product offering and believe we are known for exceptional quality and strong design and

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technical capabilities, including advanced skills in adhesives, mixing, and plastics technology. Our products are found on some of the world's top-selling platforms, including the Ford F-Series, GMT900 (Silverado/Tahoe/Yukon), General Motors' GMX 211 (Impala), and Ford B Car (Fiesta/Fusion).

Our body sealing products are comprised of manufactured EPDM (synthetic rubber) and TPE (thermoplastic elastomer) seals to provide environmental closure to the hood, trunk, and interior of vehicles. These products are highly engineered and are developed and manufactured with regard to aesthetic, performance, and durability requirements. The typical production process involves mixing of rubber/plastic compounds, extrusion (supported with metal and woven wire carriers or unsupported), cutting, notching, forming, injection molding, and assembly. Below is a description of the major body sealing products produced:

Product Category	Description
Door Seals	Sectional weatherstrip design that fits the door structure and body cabin to seal rain, dust, and noise from the occupants of vehicles
Hood Seals	A primary seal offering protection against water penetration and reducing loud engine and road noise during high speed travel
Auxiliary Seals	Seal encapsulated metal reinforcements for corner mirror mounting and sealing of assembly door to door and glass systems
Belt Line Seals	Primary seal offering protection for moveable glass against water, dust, and noise entering the vehicle cabin
Lower Door Seals	A primary body seal that offers protection against water penetration. Reduces loud road noise entering the cabin and maintains quietness during high speed driving
Glass Run Channel Assembly	Enables the movable door glass and door to form one surface, improving glass movement and sealing
Quarter Window Trim	Weatherstrip seals, integral pillar moldings, and decorative plastic or metal corner trims to seal fixed quarter side glass windows and glass encapsulation
Trunk Lid Seals	A metal-compound type, triple extrusion product that creates a seal when applied onto the body flange
Roof Seal	Convertible Roof Sealing: Weatherstrip sealing materials that combine compressibility with superior design for use on soft top weathersealing applications
	Sunroof Sealing and Trim: An original design and specification are required to create a narrow sealing space and minimize sliding resistance

As a result of our global presence, patented technologies and engineering capabilities, as well as our strong relationships with the global OEMs, we believe we are positioned for future growth and product expansion. We are currently developing additional system integration opportunities, particularly in window regulators, plastics, door components, and exterior trim.

We have expertise in nearly every aspect of automotive sealing technology, including adhesives, exterior coatings, corner molding, and rubber extrusion techniques, and have been a leader in the use of plastic applications, with a dedicated facility in Spartanburg, South Carolina that primarily produces plastic weathersealing components. This expertise has helped provide us with an entry with Japanese manufacturers, such as Nissan, in the use of TPE inner belt lines that their traditional suppliers have been unable to offer as competitively. We have been an early adopter of thermoplastic elastomers, which provide a lightweight, cost-effective alternative to rubber seals in some applications. We are a leader in the application of plastic supported glassrun systems through engineered stretched plastic and patent-protected daylight opening systems, which often provide cost savings, reduction of assembly time, and performance improvement. To further our capabilities, we exchange plastics technology with Nishikawa Rubber Company, one of our joint venture partners, and are currently cooperating on the development of a protected ''blown sponge plastic'' process as well as other innovative plastic applications with our

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customers. We are also currently collaborating on several customer-funded, advanced engineering projects with Ford and General Motors.

To grow our customer base, we intend to continue to strengthen our relationship with the Detroit 3 and are aggressively targeting other OEMs, particularly NAMs and European and Asian OEMs. Over the past two years we have secured business from Toyota, Nissan, Honda, and Audi. Further, our acquisition of the MAPS business diversified our customer base with the addition of customers such as Fiat, BMW, Daimler, Volkswagen Group and several India and Chinese OEMs. We intend to continue to develop new customer relationships by forming new strategic alliances and building on our existing joint ventures and long standing relationships. We own 50% of Nishikawa Standard Company (‘‘NISCO’’), a joint venture with Nishikawa Rubber Company; 89% of Cooper Saiyang Wuhu Automotive Co., Ltd., a joint venture with Saiyang Sealing in Wuhu, China; 47.5% of Shanghai SAIC-Metzeler Sealing Systems Co. Ltd., a joint venture with SAIC which also owns 47.5%; and 74% of MAP India, a joint venture with Toyoda Gosei. We believe our strong Asian presence in rapidly expanding markets gives us the base and the abilities to engineer and deliver weathersealing products not enjoyed by our competition. These relationships and engineering and design capabilities have helped us to provide content on some of the world’s top-selling platforms.

We believe we are one of the two largest providers of noise, vibration and harshness control products in North America based on sales. We provide a comprehensive line of powertrain and suspension products and active noise and vibration cancellation systems. We are a leader in engineering, design, testing, and rubber-to-metal bonding technology, and provide superior integrated customer service and problem-solving capabilities.

Noise vibration control products include various engine and body mounts, dampers, isolators, and other equipment. Engine mounts secure and isolate vehicle powertrain noise, vibration, and harshness from the uni-body or frame. Body and cradle mounts enable isolation of the cabin from the vehicle frame, reducing noise, vibration, and harshness, and are manufactured with a variety of materials, such as natural rubber and butyl. Tuned dampers are designed to reduce specific vibration issues, such as for the steering wheel and column, exhaust system, and internal driveshaft.

Product Category	Description
Body Cushions	Enable isolation of the cabin from the vehicle frame reducing noise, vibration, and harshness
Engine Mounts	Secure and isolate vehicle powertrain noise, vibration, and harshness from the uni-body or frame
Transmission Mounts	Enable mounting of transmission to vehicle frame and reducing vibration and harshness from the powertrain
Torque Struts	Control the fore and aft movement of transverse mounted engines within their compartment while isolating engine noise and vibration from the body
Hydromounts/ Hydrobushings	An engine mount filled with fluid, a hydromount provides spring rate and damping performance that varies according to frequency and displacement of vibration. Conventional (non hydro) mounts provide fixed response. Hydromounts can provide a more comfortable ride in a vehicle whether idling or traveling. The new Truck Tuff hydromount is designed expressly for light truck and sport utility vehicles. Similar benefits are provided by hydrobushings.
Active Noise and Vibration Control	We have developed new and unique patented techniques for attenuation of undesirable and potentially harmful low frequency noise and vibrations. This system, called ENVIsys, is well suited for a variety of transportation applications, such as heavy trucks, mining equipment, aircraft, and locomotives.

We believe we are one of the market leaders in developing breakthrough innovations in noise vibration control products and continue to make significant investment in our ability to deliver advanced

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technologies. We developed the popular Truck Tuff hydromounts for light trucks and sport utility vehicles. We believe that the Truck Tuff hydromount design was critical to our being awarded the contract to supply the engine mounting system on the new Ford F-Series, which Ford claims to be the smoothest, quietest truck on the market. We also recently developed ENVIsys, an advanced electronic system for the active control of noise and vibration for commercial applications. ENVIsys products have a wide variety of potential applications, including aircraft, rail, heavy truck, automotive, and mining equipment.

We believe these engineering and design capabilities, combined with intense focus on quality and customer service, have led to strong customer relationships and a growing customer base. In addition to strengthening our relationships with the Detroit 3, we target NAMs and Asian expansion opportunities. In North America, we continue to target NAMs and have recently been awarded new business with Toyota and Hyundai. In China, we are pursuing plans to expand our development facilities to couple with our manufacturing operations, and in Korea, we are pursuing expansion via joint venture partnerships.

Fluid Handling Products

We are a leading global supplier of subsystems and components that direct, control, measure, and transport fluids and vapors throughout a vehicle. We believe we are the second largest global provider of the types of fluid handling products we manufacture. We offer an extensive product portfolio and are positioned to serve OEMs around the world. We believe we have a reputation for superior technical support, product quality, rapid response capabilities, innovative solutions to design problems, and outstanding prototype capabilities. Our products are found on some of the world's top-selling platforms, including the Ford F-Series, General Motors GMT800/900 (includes Yukon, Tahoe, Sierra, and Silverado), Dodge Ram, and Ford B Car (Fiesta/Fusion). For the years ended December 31, 2007 and 2006, we generated approximately 45% and 47%, respectively, of total revenue before corporate eliminations from the sale of fluid handling products.

Our products are principally found in four major vehicle systems: heating and cooling; fuel and brake; emissions; and power management, which includes power steering and power roof lines. These products, particularly fuel and brake components, are critical to the safe and reliable functioning of the vehicle. Our fluid handling systems include assemblies for various heating and cooling and fluid and vapor management systems and subsystems. Individual components include quick connects, hoses, couplings, coolers, valves, tubing, thermostats, and similar products. Below is a description of the major products that we produce within each category:

Product Category	Description
Heating & Cooling	Direct, control and transport oil, coolant, water, and other fluids throughout the vehicle Engine oil cooling subsystems with over molded connections Transmission oil cooling subsystems Engine oil cooler tube and hose assemblies Transmission oil cooler tube and hose assemblies Engine oil cooling quick connects Engine oil level indicator tube assemblies Electro/mechanical water valves and pumps Integrated thermostats and plastic housings Coolant subsystems Bypass valves Radiator and heater hoses
Fuel & Brake	Direct, control, and transport fuel, brake fluid, and vapors throughout the vehicle Fuel supply and return lines Flexible brake lines Fuel quick connects Vacuum brake hoses Vapor control lines

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Product
Category Description Emissions Direct, control, and transmit emission vapors and fluids throughout the vehicle Fully integrated exhaust gas recirculation subsystems Nylon PCV valves
Heated PCV valves EGR coolers and bypass coolers Exhaust gas recirculation valves Stainless steel exhaust gas recirculation tube assemblies DPF lines Power Management Direct, control, and transmit power management fluids throughout the vehicle High pressure roof lines Power steering quick connects Torque position sensors Rack tubes Hydraulic clutch lines Noise reduction technology Power steering pressure and return lines
To increase sales of fluid handling products, we intend to continue to capitalize on recent brake, fuel, and exhaust gas recirculation (‘‘EGR’’) product successes in Europe and North America; develop new complete module and assembly solutions, aimed at building a reputation as a ‘‘tube and hose integrator;’’ and create product improvements that provide greater functionality at a lower cost to the customer. We plan to continue to invest in research and development to support these efforts and focus on advanced materials, innovative processes and product design and development driven by Design for Six Sigma. Advanced EGR valves, tubes, and cooler products have become critical components in regions where environmental regulations are stringent, such as in Europe, and for heavy truck platforms in the United States. For products such as rubber hose, steel tubing, and nylon tubing, innovations in advanced materials have led to the development of superior components. We also have in-house tube manufacturing and coating capabilities in North America, Europe and Asia, allowing us to maintain a competitive edge over smaller fabricators.

We believe these engineering and design capabilities, combined with intense focus on quality and customer service, have led to strong customer relationships and a growing customer base. We are targeting an increasing market share with NAMs and European and Asian OEMs, especially in China. In 2006, we finalized two joint venture agreements with Jingda, one of the largest tube manufacturers in China. In addition to pursuing business directly from NAMs, we partner with Tier I suppliers, such as Denso and Calsonic, to help build relationships. We have also experienced success targeting high-volume programs where a substantial degree of complexity, engineering interaction, and design support are required, and which also serve to strengthen customer relationships.

Supplies and Raw Materials

The principal raw materials for our business include fabricated metal-based components, synthetic rubber, carbon black, and natural rubber. We manage the procurement of our raw materials to assure supply and to obtain favorable pricing. For natural rubber, procurement is managed by both buying forward of production requirements and buying in the spot market. For other materials, procurement arrangements may contain formula-based pricing linked to commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands. We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, metal stampings, castings, and labor-intensive, economically freighted products.

Patents and Trademarks

We believe one of our competitive advantages is our track record of technological innovation. We hold nearly 800 patents in key product technologies, such as Daylight Opening Modules, Engineered Stretched Plastics, Low Fuel Permeation Nylon Tubing, Quick Connect Fluid Couplings, as well as core process methods, such as molding, joining, and coating. We consider these patents to be of value and seek to

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protect our rights throughout the world against infringement. While in the aggregate these patents are important to our business, we do not believe that the loss or termination of any one of them would materially affect our company. We continue to seek patent protection for our new products. Our patents will continue to be amortized over the next five to twelve years.

We also have license and technology sharing agreements with Nishikawa Rubber Company for sales, marketing, and engineering services on certain body sealing products we sell. Under those agreements, each party pays for services provided by the other and royalties on certain products for which the other party provides design or development services.

We own or have licensed several trademarks that are registered in many countries, enabling us to protect and market our products worldwide. During 2006, we purchased the right to use our current name from Cooper Tire.

Seasonality

Sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. These typically result in lower sales volumes during July, August, and December. During these periods of lower sales volumes, profit performance is lower, but working capital improves due to continuing collection of accounts receivable.

Competition

We believe that the principal competitive factors in our industry are price, quality, service, performance, design and engineering capabilities, innovation, and timely delivery. We believe that our capabilities in these core competencies are integral to our position as a market leader in each of our product lines. In body & chassis products we compete with Toyoda Gosei; Delphi; Trelleborg; Tokai; Vibracoustic; Paulstra and Hutchinson, among others. In fluid handling products, we compete with TI Automotive, Mark IV Automotive, Martinrea, and numerous manufacturers of hoses.

Industry Overview

The automotive industry is one of the world’s largest and most competitive. The industry is mature in North America and Europe, with vehicle sales primarily driven by general economic conditions. In recent years, significant consolidation among OEMs, combined with globalization, has led to major shifts in market share positions and greater pressure on profit margins.

These developments have also led to a more competitive environment for automotive suppliers. The automotive supply industry is generally characterized by high barriers to entry, significant start-up costs, and long-standing customer relationships. The primary criteria by which OEMs judge automotive suppliers include price, quality, service, performance, design and engineering capabilities, innovation, and timely delivery.

The Industry is experiencing significant growth of vehicle production in Asia, especially in China and India as these economies expand.

Customers

We are a leading supplier to the Detroit 3 in each of our product categories and are increasing our presence with NAMs and European and Asian OEMs. During the year ended December 31, 2007, approximately 27%, 20%, and 8% of our sales were to Ford, General Motors, and Chrysler, respectively, as compared to 29%, 25%, and 10% for the year ended December 31, 2006, respectively. Chrysler sales for the year ended December 31, 2006 include sales to Daimler. Sales to Ford include sales to OEMs owned by Ford, such as Volvo, Jaguar, and Land Rover. Our other major customers include Renault/Nissan, PSA Peugeot Citroën, and Volkswagen. We also sell products to Visteon/ACH, Toyota, Porsche, and through NISCO, Honda. Our business with any given customer is typically split among several contracts for different parts on a number of platforms. Our recent MAPS acquisitions have added significant volume with Fiat, BMW, Daimler, Volkswagen/Audi and various Indian and Chinese OEMs.

Research and Development

We operate nine design, engineering, and administration facilities throughout the world and employ 665 research and development personnel, some of whom reside at our customers' facilities. We utilize Design for Six Sigma and other methodologies that emphasize manufacturability and quality. We are aggressively expanding our capabilities with new systems for Computer Aided Design, Computer Aided Engineering, vehicle testing, and rapid prototyping. We spend significantly each year to maintain and enhance our technical centers, enabling us to quickly and effectively respond to customer demands. We spent $65.6 million, $74.8 million, and $77.2 million in 2005, 2006, and 2007, respectively, on research and development.

Joint Ventures and Strategic Alliances

Joint ventures represent an important part of our business, both operationally and strategically. We have used joint ventures to enter into new geographic markets such as China, Korea, and India, to acquire new customers, and to develop new technologies. In entering new geographic markets, teaming with a local partner can reduce capital investment by leveraging pre-existing infrastructure. In addition, local partners in these markets can provide knowledge and insight into local practices and access to local suppliers of raw materials and components. In North America, joint ventures have proven valuable in establishing new relationships with NAMs. For example, we were awarded significant new business with Honda through our NISCO joint venture. In 2005, we acquired a 20% equity interest in and expanded our technical alliance with Guyoung, a Korean supplier of metal stampings, which recently built a manufacturing facility in Alabama that services Hyundai. In 2006, we finalized two joint venture agreements with Jingda, one of the largest tube manufacturers in China to expand our presence in that country. As part of the acquisition of the MAPS business in 2007, we acquired a 47.5% equity interest in Shanghai SAIC-Metzeler Sealing Systems Co. Ltd., a joint venture with SAIC, which also owns a 47.5% equity interest, and Shanghai Qinpu Zhaotun Collective Asset Management Company, which owns the remaining 5% equity interest. This joint venture business is the leading manufacturer of automotive sealing products in China. Also in 2007, we acquired a 74% equity interest in MAP India, a joint venture with Toyoda Gosei Co., Ltd., which owns the remaining 26% equity interest. MAP India is a leading manufacturer of automotive sealing products in India.

Geographic Information

In 2007, we generated approximately 61% of net sales in North America, 31% in Europe, 5% in South America, and 3% in Asia/Pacific. Approximately 15% of our revenues were generated from our Canadian operations.

In 2006, we generated approximately 67% of net sales in North America, 24% in Europe, 4% in South America, and 5% in Asia/Pacific. Approximately 18% of our revenues were generated from our Canadian operations.

Employees

We maintain good relations with both our union and non-union employees and, in the past ten years, have not experienced any major work stoppages. We will be negotiating some of our domestic and international union agreements which are due to expire in the next twelve months. As of December 31, 2007, approximately 44% of our employees were represented by unions, and approximately 16% of our employees were union represented employees located in the United States.

As of December 31, 2007, we had 21,123 full-time and temporary employees.

Environmental

We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing emissions to air; discharges to water; noise, and odor emissions; the generation, handling, storage, transportation,

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treatment, and disposal of waste materials; the cleanup of contaminated properties; and human health and safety. For example, as an owner and operator of real property or a generator of hazardous substances, we may be subject to environmental cleanup liability, regardless of fault, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act or analogous laws, as well as to claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances. Several of our properties have been the subject of remediation activities to address historic contamination. In general, we believe we are in substantial compliance with the requirements under such laws and regulations and our continued compliance is not expected to have a material adverse effect on our financial condition or the results of our operations. We expect that additional requirements with respect to environmental matters will be imposed in the future. Our expense and capital expenditures for environmental matters at our facilities have not been material in the past, nor are expected to be in the future.

Forward-Looking Statements

This Form 10-K includes ‘‘forward-looking statements’’ within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We make forward-looking statements in this Annual Report on Form 10-K and may make such statements in future filings with the SEC. We may also make forward-looking statements in our press releases or other public or stockholder communications. These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends, and other information that is not historical information and, in particular, appear under ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’’, ‘‘Risk Factors’’ and ‘‘Business.’’ When used in this report, the words ‘‘estimates,’’ ‘‘expects,’’ ‘‘antic
‘‘projects,’’ ‘‘plans,’’ ‘‘intends,’’ ‘‘believes,’’ ‘‘forecasts,’’ or future or conditional verbs, such as ‘‘will,’’ ‘‘should,’’ ‘‘could,’
variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management’s examination of historical operating trends and data are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs, and projections will be achieved.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-K. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this report are set forth in this Form 10-K, including under Item 1A. ‘‘Risk Factors’’.

As stated elsewhere in this Form 10-K, such risks, uncertainties, and other important factors include, among others: our substantial leverage; limitations on flexibility in operating our business contained in our debt agreements; our dependence on the automotive industry; availability and cost of raw materials; our dependence on certain major customers; competition in our industry; our conducting operations outside the United States; the uncertainty of our ability to achieve expected Lean savings; our exposure to product liability and warranty claims; labor conditions; our vulnerability to rising interest rates; our ability to meet our customers’ needs for new and improved products in a timely manner; our ability to attract and retain key personnel; the possibility that our owners’ interests will conflict those of investors; our status as a stand-alone company; our legal rights to our intellectual property portfolio; our underfunded pension plans; environmental and other regulation; and the possibility that our acquisition strategy will not be successful. There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

We undertake no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

We do not undertake, and we specifically disclaim, any obligation to update any forward-looking statements to reflect the occurrence of unanticipated events or circumstances after the date of such statements.

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Item 1A. Risk Factors

You should carefully consider the following risk factors and all other information contained in this Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us.

Risks Relating to Our Leverage

Our substantial leverage could harm our business by limiting our available cash and our access to additional capital and, to the extent of our variable rate indebtedness, exposes us to interest rate risk.

We are highly leveraged. As of December 31, 2007, our total consolidated indebtedness was $1,140.2 million. Our leverage increased upon the closing of our acquisition of MAPS, because we financed part of the acquisition with an incremental term loan under the Second Amendment to the Credit Agreement.

Our high degree of leverage could have important consequences, including:

- It may limit our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes on favorable terms or at all;
- A substantial portion of our cash flows from operations must be dedicated to the payment of principal and interest on our indebtedness and thus will not be available for other purposes, including our operations, capital expenditures, and future business opportunities;
- The debt service requirements of our other indebtedness could make it more difficult for us to make payments on the Senior Notes and Senior Subordinated Notes issued by Cooper-Standard Automotive Inc. in connection with the 2004 Acquisition (the ‘‘Notes’’);
- It may place us at a competitive disadvantage compared to those of our competitors that are less highly leveraged;
- It may restrict our ability to make strategic acquisitions or cause us to make non-strategic divestitures; and
- We may be more vulnerable than a less highly-leveraged company to a downturn in general economic conditions or in our business, or we may be unable to carry out the desired amount of capital spending to support our growth.

Our cash paid for interest for the year ended December 31, 2007 was $87.6 million, which excludes the amortization of $4.9 million of debt issuance costs. At December 31, 2007, we had $554.3 million of debt with floating interest rates, including $270.3 million managed by the use of interest rate swap contracts to convert the variable rate characteristic to fixed rate. If interest rates increase, assuming no principal repayments or use of financial derivatives, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness, including the Notes, would decrease. After considering the effects of certain interest rate swap contracts we entered into during 2007, a 1% increase in the average interest rate of our variable rate indebtedness would increase future interest expense by approximately $2.8 million per year.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The senior credit agreement and the indentures under which the Notes were issued contain a number of significant covenants that, among other things, restrict our ability to:

- incur additional indebtedness or issue redeemable preferred stock;
- pay dividends and repurchase our capital stock;
- issue stock of subsidiaries;
- make certain investments;

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- enter into agreements that restrict dividends from subsidiaries;
- transfer or sell assets;
- enter into transactions with our affiliates;
- incur liens;
- engage in mergers, amalgamations, or consolidations; and
- make capital expenditures.

In addition, under the senior credit agreement, we are required to satisfy specified financial ratios and tests. Our ability to comply with those provisions may be affected by events beyond our control, and may limit our ability to comply with those required ratios and tests.

Risks Relating to Our Business

We are highly dependent on the automotive industry.

Our customers are automobile manufacturers and their suppliers whose production volumes are dependent upon general economic conditions and the level of consumer spending. The volume of global vehicle production has fluctuated considerably from year to year, and such fluctuations may give rise to fluctuations in the demand for our products. Demand for new vehicles fluctuates in response to overall economic conditions and is particularly sensitive to changes in interest rates, consumer confidence, and fuel costs. In addition, to the extent our production volumes have been positively impacted by OEM new vehicle sales incentives, these sales incentives may not be sustained or may cease to favorably impact our sales. If any of these or other factors leads to a decline in new vehicle production, our results of operations could be materially adversely affected. Further, to the extent that the financial condition of any of our largest customers deteriorates or results in bankruptcy, our financial position and operating results could be materially adversely affected.

Increasing competitiveness in the automotive industry has also led OEMs to pressure us to lower prices we charge for our products. Price reductions have impacted our sales and profit margins. If we are not able to offset price reductions through improved operating efficiencies and reduced expenditures, price reductions may have a material adverse effect on our results of operations.

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

The principal raw materials we purchase include fabricated metal-based components, synthetic rubber, carbon black, and natural rubber. Raw materials comprise the largest component of our costs, representing approximately 49% of our total costs during the year ended December 31, 2007. A significant increase in the price of these items could materially increase our operating costs and materially and adversely affect our profit margins because it is generally difficult to pass through these increased costs to our customers. For example, we have experienced significant price increases in our raw steel and steel-related component purchases as a result of increased global demand. Our largest single raw material purchase is steel, and it comprised approximately 11% of our total material costs during the year ended December 31, 2007.

Because we purchase various types of raw materials and manufactured components, we may be materially and adversely affected by the failure of our suppliers of those materials to perform as expected. This non-performance may consist of delivery delays or failures caused by production issues or delivery of non-conforming products. The risk of non-performance may also result from the insolvency or bankruptcy of one or more of our suppliers. Our suppliers' ability to supply products to us is also subject to a number of risks, including availability of raw materials, such as steel and natural rubber, destruction of their facilities, or work stoppages. In addition, our failure to promptly pay, or order sufficient quantities of inventory from our suppliers may increase the cost of products we purchase or may lead to suppliers refusing to sell products to us at all. Our efforts to protect against and to minimize these risks may not always be effective.

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Our business would be materially and adversely affected if we lost a significant portion of business from any of our largest customers.

For the year ended December 31, 2007, approximately 27%, 20%, and 8% of our sales were to Ford, General Motors, and Chrysler, respectively. To compete effectively, we must continue to satisfy these and other customers' pricing, service, technology, and increasingly stringent quality and reliability requirements. Additionally, our revenues may be affected by decreases in these three manufacturers' businesses or market shares. The market shares of these customers have declined in recent years and may continue to decline in the future. We cannot provide any assurance that we will be able to maintain or increase our sales to these or any other customers. The loss of, or significant reduction in purchases by, one of these major customers or the loss of all of the contracts relating to certain major platforms of one of these customers could materially and adversely affect our results of operations.

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

The automotive parts industry is highly competitive. We face numerous competitors in each of the product lines we serve. In general, there are three or more significant competitors for most of the products offered by our company and numerous smaller competitors. We also face increased competition for certain of our products from suppliers producing in lower-cost countries such as Korea and China, especially for certain lower-technology noise, vibration and harshness control products that have physical characteristics that make long-distance shipping more feasible and economical. We may not be able to continue to compete favorably and increased competition in our markets may have a material adverse effect on our business.

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

We have significant manufacturing operations outside the United States, including joint ventures and other alliances. Our operations are located in 18 countries and we export to several other countries. In 2007, approximately 66% of our net sales originated outside the United States. Risks are inherent in international operations, including:

- exchange controls and currency restrictions;
- currency fluctuations and devaluations;
- changes in local economic conditions;
- changes in laws and regulations, including the imposition of embargos;
- exposure to possible expropriation or other government actions; and
- unsettled political conditions and possible terrorist attacks against American interests.

These and other factors may have a material adverse effect on our international operations or on our business, results of operations, and financial condition. For example, we are faced with potential difficulties in staffing and managing local operations and we have to design local solutions to manage credit risks of local customers and distributors. Also, the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States, due primarily to labor laws in those countries that can make reducing employment levels more time-consuming and expensive than in the United States. Our flexibility in our foreign operations can also be somewhat limited by agreements we have entered into with our foreign joint venture partners.

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

Our sales outside the United States expose us to currency risks. During times of a strengthening U.S. dollar, at a constant level of business, our reported international sales and earnings will be reduced because the local currency will translate into fewer U.S. dollars. In addition to currency translation risks, we incur a currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or a sales transaction using a different currency from the currency in which it receives revenues.

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Given the volatility of exchange rates, we may not be able to manage our currency transaction and/or translation risks effectively, or volatility in currency exchange rates may have a material adverse effect on our financial condition or results of operations.

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

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

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

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. Accordingly, we could experience material warranty or product liability losses in the future and incur significant costs to defend these claims.

In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to automotive safety. Our costs associated with providing product warranties could be material. Product liability, warranty, and recall costs may have a material adverse effect on our business, results of operations, and financial condition.

Work stoppages or similar difficulties could disrupt our operations.

As of December 31, 2007, approximately 44% of our employees were represented by unions, and approximately 16% of our employees were union represented employees located in the United States. It is possible that our workforce will become more unionized in the future. A work stoppage at one or more of our plants may have a material adverse effect on our business. Collective bargaining agreements at three of our North American facilities are due to expire in 2008, and we will be engaged in negotiations with unions at these facilities with respect to new contracts. Unionization activities could also increase our costs, which could have an adverse effect on our profitability.

We may be subject to work stoppages and may be, affected by other labor disputes. Additionally, a work stoppage at one or more of our customers or our customers' suppliers could adversely affect our operations if an alternative source of supply were not readily available. Stoppages by employees of our customers also could result in reduced demand for our products and have material adverse effect on our business.

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

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

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

Our ability to operate our business and implement our strategies depends, in part, on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other

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factors, our ability to attract and retain other qualified personnel, particularly research and development engineers and technical sales professionals. The loss of the services of any of our key employees or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects.

Our Sponsors may have conflicts of interest with us in the future.

Our Sponsors beneficially own approximately 98.5% of the outstanding shares of our common stock. Additionally, we have entered into a stockholders' agreement with the Sponsors that grants them certain preemptive rights to purchase additional equity and rights to designate members of our Board of Directors. As a result, our Sponsors have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of stockholders regardless of whether or not other stockholders or noteholders believe that any such transactions are in their own best interests.

Additionally, our Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as our Sponsors continue to own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control our decisions.

Our intellectual property portfolio is subject to legal challenges.

We have developed and actively pursue developing proprietary technology in the automotive industry and rely on intellectual property laws and a number of patents in many jurisdictions to protect such technology. However, we may be unable to prevent third parties from using our intellectual property without authorization. If we had to litigate to protect these rights, any proceedings could be costly, and we may not prevail. We also face increasing exposure to the claims of others for infringement of intellectual property rights. We may have material intellectual property claims asserted against us in the future and could incur significant costs or losses related to such claims.

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

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

As of December 31, 2007, our $256.0 million projected benefit obligation (''PBO'') for U.S. pension benefit obligations exceeded the fair value of the relevant plans' assets, which totaled $225.0 million, by $31.0 million. Additionally, the international employees' plans' PBO exceeded plan assets by approximately $80.4 million at December 31, 2007. The PBO for other postretirement benefits (''OPEB'') was $80.9 million at December 31, 2007. Our estimated funding requirement for pensions and OPEB during 2008 is approximately $37.0 million. Net periodic pension costs for U.S. and international plans, including pension benefits and OPEB, were $24.8 million and $19.1 million for the years ended December 31, 2006 and 2007, respectively. See ''Item 8. Financial Statements and Supplementary Data'' (especially Notes 9 and 10).

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

We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, and disposal of waste materials; the cleanup of contaminated properties; and human health and safety. We may incur substantial costs associated with hazardous substance contamination or exposure, including cleanup costs, fines, and civil or criminal sanctions, third party property or natural resource damage, or personal injury claims, or costs to upgrade or replace existing equipment, as a result of violations of or liabilities under environmental laws or non-compliance with environmental permits required at our locations. In addition, many of our current and former facilities are located on properties with long histories of industrial or commercial operations and some of these properties have been subject to certain environmental investigations and remediation activities. Because some environmental laws (such as the Comprehensive Environmental Response, Compensation and Liability Act) can impose liability for the entire cost of cleanup upon any of the current or former owners or operators, retroactively and regardless of fault, we could become liable for investigating or remediating contamination at these or other properties (including offsite locations). We may not always be in complete compliance with all applicable requirements of environmental law or regulation, and we may incur material costs or liabilities in connection with such requirements. In addition, new environmental requirements or changes to existing requirements, or in their enforcement, could have a material adverse effect on our business, results of operations, and financial condition. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle claims arising under environmental laws in the past have not been material, such costs may be material in the future. For more information about our environmental compliance and potential environmental liabilities, see ‘‘Item 1. Business – Environmental.’’

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

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

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. See ‘‘Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.’’

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, seek additional capital, or seek to restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. The Senior Credit Facilities and the indentures under which the Senior Notes and the Senior Subordinated Notes were issued restrict our ability to use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices that we believe are fair and proceeds that we do receive may not be adequate to meet any debt service obligations then due.

Despite our current leverage, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Our revolving credit facilities provide commitments of up to $125.0 million, of which $101.0 million was available for future borrowings as of December 31, 2007.

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Available Information

The Company makes available free of charge on or through its Internet website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the U.S. Securities and Exchange Commission (''SEC'').

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties

As of December 31, 2007, our operations were conducted through 78 facilities in 18 countries, of which 69 are manufacturing facilities and nine are used for multiple purposes. Our corporate headquarters is located in Novi, Michigan. Our manufacturing facilities are located in North America, Europe, Asia, South America, and Australia. We believe that substantially all of our properties are in good condition and that we have sufficient capacity to meet our current and projected manufacturing and design needs. The following table summarizes our property holdings:

Region	Division	Total Facilities	Owned Facilities
North America	Body & Chassis	12	11
	Fluid	16	12
	Other	5	1
Asia	Asia Pacific*	17	6
	Other	1	—
Europe	Body & Chassis	15	10
	Fluid	7	6
	Other	2	1
South America	Body & Chassis	1	1
	Fluid	1	—
Australia	Fluid	1	1

* Includes Asia Pacific properties that are included in Body & Chassis and Fluid for segment reporting.

Item 3. Legal Proceedings

We are involved in various legal actions and claims arising in the ordinary course of business, including without limitation intellectual property matters, product related claims, tax claims, and employment matters. Although the outcome of legal matters cannot be predicted with certainty, we do not believe that any matters with which we are currently involved, either individually or in the aggregate, will have a material adverse effect on our liquidity, financial condition, or results of operations. See ''Item 8. Financial Statements and Supplementary Date'' (especially Note 14).

Item 4. Submission of Matters to a Vote of Security Holders

By Written Consent of the Stockholders in Lieu of Meeting dated as of November 1, 2007, the stockholders of the Company unanimously approved and adopted a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company increasing the total number of shares of the common stock of the Company which the Company has the authority to issue from 3,500,000 shares to 4,000,000. Pursuant to the same written consent, the stockholders of the Company unanimously approved amendments to the Company's 2004 Stock Incentive Plan which increased the number of shares of the common stock of the Company reserved for issuance under the plan by 200,000 shares, and included amendments to comply with Section 409A of the Internal Revenue Code and other administrative amendments.

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PART II

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

Equity interests in Cooper-Standard Holdings Inc. consist of shares of its common stock, $0.01 par value per share. Cooper-Standard Holdings Inc. has been a privately held entity since its formation and no trading market exists for its common stock. During 2007, the Company increased it authorized shares from 3,500,000 to 4,000,000. At December 31, 2007, 3,483,600 shares of its common stock were issued and outstanding. As of that date, there were 22 holders of record of Cooper-Standard Holdings Inc. common stock.

Cooper-Standard Holdings Inc. has never paid or declared a dividend. The declaration of any prospective dividends is at the discretion of the Board of Directors and would be dependent upon sufficient earnings, capital requirements, financial position, general economic conditions, state law requirements, and other relevant factors. Additionally, our agreement with our lenders prohibits payment of dividends, except stock dividends, without the lenders' prior consent.

The following table presents all stock-based compensation plans of the Company at December 31, 2007:

Compensation Plan	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Warrants	(b) Weighted-Average Exercise Price of Options and Warrants	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	212,615	$ 100	211,000
Equity compensation plans not approved by security holders	—	—	—
Total	212,615	$ 100	211,000

Item 6. Selected Financial Data

The selected financial data referred to as the Successor data as of and for the years ended December 31, 2007, 2006 and 2005, and as of December 31, 2004 and for the period from December 24, 2004 to December 31, 2004, have been derived from the consolidated audited financial statements of Cooper-Standard Holdings Inc. and its subsidiaries which have been audited by Ernst & Young LLP, independent registered public accountants.

The selected financial data referred to as the Predecessor financial data as of December 31, 2003 and for the period from January 1, 2004 to December 23, 2004 and the year ended December 31, 2003 have been derived from the combined audited financial statements of the automotive segment of Cooper Tire, which have been audited by Ernst & Young LLP, independent registered public accountants. The information reflects our business as it historically operated within Cooper Tire, and includes certain assets and liabilities that we did not acquire or assume as part of the 2004 Acquisition. Also, on December 23, 2004, Cooper-Standard Holdings Inc., which prior to the 2004 Acquisition never had any independent operations, purchased the automotive business represented in the historical Predecessor financial statements. As a result of applying the required purchase accounting rules to the 2004 Acquisition and accounting for the assets and liabilities that were not assumed in the 2004 Acquisition, our financial statements for the period following the acquisition were significantly affected. The application of purchase accounting rules required us to revalue our assets and liabilities, which resulted in different accounting bases being applied in different periods. As a result, historical combined financial data included in this Form 10-K in Predecessor statements may not reflect what our actual financial position, results of operations, and cash flows would have been had we operated as a separate, stand-alone company as of and for those periods presented.

The audited consolidated financial statements as of December 31, 2005, 2006 and 2007 are included elsewhere in this Form 10-K. See ''Item 8. Financial Statements and Supplementary Data.''

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You should read the following data in conjunction with ''Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the consolidated financial statements of Cooper-Standard Holdings Inc. included elsewhere in this Form 10-K (Information presented in millions).

	Predecessor		Successor			
	2003	January 1, 2004 to December 23, 2004	December 24, 2004 to December 31, 2004	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Statement of operations						
Net sales	$ 1,662.2	$ 1,858.9	$ 4.7	$ 1,827.4	$ 2,164.3	$ 2,511.2
Cost of products sold	1,389.2	1,539.1	4.7	1,550.2	1,832.1	2,114.1
Gross profit	273.0	319.8	—	277.2	332.2	397.1
Selling, administration, & engineering expenses	162.7	177.5	5.2	169.7	199.8	222.1
Amortization of intangibles	0.8	0.7	—	28.2	31.0	31.9
Impairment charges	—	—	—	—	13.2	146.4
Restructuring	12.8	21.2	—	3.0	23.9	26.4
Operating profit	96.7	120.4	(5.2)	76.3	64.3	(29.7)
Interest expense, net of interest income	(4.9)	(1.8)	(5.7)	(66.6)	(87.2)	(89.5)
Equity earnings	0.9	1.0	—	2.8	0.2	2.2
Other income (expense)	(1.0)	(2.1)	4.6	(1.3)	7.0	(1.1)
Income (loss) before income taxes	91.7	117.5	(6.3)	11.2	(15.7)	(118.1)
Provision for income taxes (benefit)	34.3	34.2	(1.8)	2.4	(7.3)	32.9
Net income (loss)	$ 57.4	$ 83.3	$ (4.5)	$ 8.8	$ (8.4)	$ (151.0)
Statement of cash flows data						
Net cash provided (used) by:						
Operating activities	$ 117.7	$ 132.2	$ 29.3	$ 113.0	$ 135.9	$ 185.4
Investment activities	(53.3)	(53.5)	(1,132.9)	(133.0)	(281.8)	(260.0)
Financing activities	(54.2)	(109.6)	1,189.3	(7.2)	147.6	55.0
Other financial data:						
Capital expenditures	$ 58.7	$ 62.7	$ 0.3	$ 54.5	$ 82.9	$ 107.3
Balance Sheet data						
Cash and cash equivalents	$ 102.6		$ 83.7	$ 62.2	$ 56.3	$ 40.9
Net working capital(1)	165.4		123.1	162.9	212.1	254.4
Total assets	1,456.7		1,812.3	1,734.2	1,911.4	2,162.3
Total non-current liabilities	90.1		1,165.0	1,117.9	1,259.4	1,364.7
Total debt(2)	13.7		912.7	902.5	1,055.5	1,140.2
Net parent investment/ Stockholders' equity	1,124.4		318.2	312.2	320.7	268.6

(1) Net working capital is defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding debt payable within one year). (2) Includes term loans, bonds, $2.3 million in capital leases, and $53.0 million of other third-party debt at December 31, 2007.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. The following discussion of the financial condition and results of operations of the Company contains certain forward-looking statements relating to anticipated future financial conditions and operating results of the Company and its current business plans. In the future, the financial condition and operating results of the Company could differ

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materially from those discussed herein and its current business plans could be altered in response to market conditions and other factors beyond the Company's control. Important factors that could cause or contribute to such differences or changes include those discussed elsewhere in this report. See ''Item 1. Business – Forward Looking Statements'' and ''Item 1A. Risk Factors.''

Basis of Presentation

Prior to the 2004 Acquisition, the automotive segment of Cooper Tire & Rubber Company (referred to as the ''Predecessor'') did not operate as a stand-alone business, but as a reportable business segment of Cooper Tire & Rubber Company (''Cooper Tire''). The financial information of the Predecessor represents the combined results of operations and cash flows of the automotive business segment of Cooper Tire and reflects the historical basis of accounting without any application of purchase accounting for the 2004 Acquisition. The financial information of the Company following the 2004 Acquisition (referred to as the ''Successor'') included in this Form 10-K represents our consolidated financial position as of December 31, 2006 and 2007 and our consolidated results of operations and cash flows for the years ended December 31, 2005, 2006 and 2007 and reflects the application of purchase accounting.

Company Overview

We design, manufacture, and sell body sealing, NVH control and fluid handling components, systems, subsystems, and modules for use in passenger vehicles and light trucks manufactured by global OEMs. In 2007, approximately 80% of our sales consisted of original equipment sold directly to the OEMs for installation on new vehicles. The remaining 20% of our sales were primarily to Tier I and Tier II suppliers. Accordingly, sales of our products are directly affected by the annual vehicle production of OEMs, and in particular the production levels of the vehicles for which we provide specific parts. In most cases, our products are custom designed and engineered for a specific vehicle platform. Our sales and product development personnel frequently work directly with the OEMs' engineering departments in the design and development of our various products.

Although each OEM may emphasize different requirements as the primary criteria for judging its suppliers, we believe success as an automotive supplier generally requires outstanding performance with respect to price, quality, service, performance, design and engineering capabilities, innovation, and timely delivery. As such, we believe our continued commitment to investment in our engineering and design capability, including enhanced computerized software design capabilities, is important to future success, and many of our present initiatives are designed to enhance these capabilities. To remain competitive we must also consistently achieve cost savings; we believe we will continue to be successful in our efforts to improve our engineering, design and manufacturing processes, and implement our Lean initiatives.

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

We provide parts to virtually every major global OEM for use on a multitude of different platforms. However, we generate a significant portion of our sales from the Detroit 3. For the year ended December 31, 2007, our sales to the global operations of Ford, General Motors, and Chrysler comprised approximately 27%, 20%, and 8% of our net sales, respectively. Significant reduction of our sales to or the loss of any one of these customers or any significant reduction in these customers' market shares could have a material adverse effect on the financial results of our company.

While approximately 61% of sales are generated in North America, we maintain sales offices in strategic locations throughout the world to provide support and service to our global OEM customers. We continue to expand internationally. In July 2005, we purchased the Atlacomulco hose manufacturing business in Mexico. In the fourth quarter of 2005, we purchased a 20% equity interest in Korea-based Guyoung, a supplier to Korean automotive OEMs, and entered into a Cooperation Agreement with Guyoung in order to expand the customer base of both companies worldwide. In February 2006, we acquired the FHS business and included automotive fluid handling business and facilities in Europe, Asia, Mexico, and Australia. In November 2006, we entered into a joint venture agreement with Jingda. This joint venture, known as Cooper-Standard Jingda Automotive Co., Ltd, sells and provides technical support and after-sale service for fluid handling systems, including brake and fuel lines, steering systems, cooling and heating systems and emission control devices. In March of 2007, we completed the acquisition of the El Jarudo business. This business is located in Juarez, Mexico and is a producer of automotive fuel rails. In 2007, a new sealing manufacturing facility was constructed in Poland. This expansion positions us for continued growth in Eastern Europe and is also part of our strategy to selectively relocate facilities to lower cost countries. In August of 2007, we completed the acquisition of MAPS, including nine sealing systems operations in Germany, Italy, Poland, Belarus, and Belgium, and a joint venture interest in China. In December of 2007, we completed the acquisition of a 74% joint venture interest in MAP India, a leading manufacturer of automotive sealing products in India.

Historically, our operations in Canada and Western Europe have not presented materially different risks or problems from those we have encountered in the United States, although the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States. This is due primarily to labor laws in those countries that can make reducing employment levels more time-consuming and expensive than in the United States. We believe the risks of conducting business in less developed markets, including Brazil, Mexico, Poland, Czech Republic, China, Korea, Belarus and India are sometimes greater than in the U.S., Canadian, and Western European markets. This is due to the potential for currency volatility, high interest, inflation rates, and the general political and economic instability that are associated with these markets.

Business Environment and Outlook

Our business is greatly affected by the automotive build rates in North America and Europe. New vehicle demand is driven by macro-economic and other factors such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, and employment and income growth trends. According to CSM Worldwide, light vehicle production in North America is expected to be 14.4 million units in 2008 as compared to 15.1 million units in 2007. European production levels in 2008 are expected to be 22.0 million units as compared to 21.7 million units in 2007. Light vehicle production in South America is expected to increase to 4.0 million units in 2008 from 3.6 million units in 2007. Asia Pacific production levels in 2008 are expected to be 28.6 million units as compared to 26.5 million units in 2007.

Competition in the automotive supplier industry is intense and has increased in recent years as OEMs have demonstrated a preference for stronger relationships with fewer suppliers. There are typically three or more significant competitors and numerous smaller competitors for most of the products we produce, and competition can always arise from new sources. For example, certain of our products have experienced new competition from lower cost imports from Korea and China. We continue to address this challenge with a combination of North American cost reductions and our own Asian sourcing.

Pricing pressure is also prevalent as competition for market share among U.S.-based OEMs, has reduced the overall profitability of the industry and resulted in continued pressure on suppliers for price concessions. The market shares of the Detroit 3, which are our three largest customers, have declined in recent years and may continue to decline in the future. This pricing pressure along with current higher material costs will continue to drive our focus on implementing Lean initiatives to achieve cost savings and selectively consolidate and relocate facilities to optimize our cost structure.

Another trend affecting our business is the global expansion of our customers. Consolidation among the OEMs in recent years has resulted in a smaller number of very large global customers that increasingly require their suppliers to serve them on a global basis. We have expanded our business globally and believe we have the size, geographic breadth, and resources to actively participate in this trend. We have accomplished this via a combination of organic growth, acquisitions and joint ventures, which we believe have ensured that we provide the same high levels of quality, service, and design and engineering support that we provide in our domestic markets.

Lastly, OEMs have shifted some research and development, design, and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design, and manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on or assume the product design and development of key automotive components, and to provide value added solutions under more stringent time frames.

In the year ended December 31, 2007, our business was negatively impacted by reduced OEM production volumes on certain platforms in North America. According to CSM Worldwide, actual North America and Europe light vehicle production volumes for the year ended December 31, 2007 were 15.1 million and 21.7 million units, respectively, as compared to 15.3 million and 20.4 million units, respectively, for the year ended December 31, 2006. Additionally, we continued to experience significant pricing pressure from our customers as well as significant increases in certain raw material prices, especially oil based components, synthetic rubber, and other compounding materials. Our contracts typically do not allow us to pass these price increases on to our customers, although we have had some success incorporating these increases into some commercial negotiations. These negative impacts were partially offset by favorable foreign currency translation. Our performance in 2007 has been, and will continue to be, impacted by changes in light vehicle production volumes, platform mix, customer pricing pressures, and the cost of raw materials.

Results of Operations

	For the Year Ended December 31,		
(Dollar amounts in thousands)	2005	2006	2007
Sales	$ 1,827,440	$ 2,164,262	$ 2,511,153
Cost of products sold	1,550,265	1,832,027	2,114,039
Gross profit	277,175	332,235	397,114
Selling, administration, & engineering expenses	169,702	199,739	222,134
Amortization of intangibles	28,161	31,025	31,850
Impairment charges	—	13,247	146,366
Restructuring	3,038	23,905	26,386
Operating profit (loss)	76,274	64,319	(29,622)
Interest expense, net of interest income	(66,583)	(87,147)	(89,577)
Equity earnings	2,781	179	2,207
Other income (expense)	(1,281)	6,985	(1,055)
Income (loss) before income taxes	11,191	(15,664)	(118,047)
Provision for income tax expense (benefit)	2,377	(7,244)	32,946
Net income (loss)	$ 8,814	$ (8,420)	$ (150,993)

Year ended December 31, 2007 Compared to Year Ended December 31, 2006

Net Sales: Our net sales increased from $2,164.3 million in 2006 to $2,511.2 million in 2007, an increase of $346.9 million, or 16.0%. The increase resulted primarily from the acquisition of MAPS and El Jarudo, favorable foreign exchange rates ($86.9 million) and higher unit sales volume partially offset by customer price concessions. In North America, our sales increased by $67.0 million primarily due to the acquisition of El Jarudo and $20.2 million of favorable foreign currency translation, partially offset by lower unit sales volumes and customer price concessions. In our international operations, a sales increase of $279.9 million was attributable to a combination of factors including the acquisition of MAPS, $66.7 million favorable impact of foreign currency translation and higher unit sales volumes partially offset by customer price concessions.

Gross Profit: Gross profit increased $64.9 million to 15.8% of sales in 2007, as compared to 15.4% of sales in 2006. This increase resulted primarily from the acquisition of MAPS and El Jarudo combined with the favorable impact of various cost saving initiatives and favorable foreign exchange rates, partially offset by customer price concessions and increased material costs.

Operating Profit (Loss): Operating loss in 2007 was $29.6 million compared to an operating profit reported in 2006, of $64.3 million. This decrease is primarily due to the impairment charges of

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$146.4 million and an increase in selling, administration and engineering expenses primarily due to the acquisitions of MAPS and El Jarudo, partially offset by gross profit increase of $64.9 million.

Impairment Charges: In 2007 we recorded a goodwill impairment charge of $142.9 million and write off charges of $3.5 million related to certain intangible assets within the North America Fluid reporting unit of our Fluid segment. These charges result from a recent and projected decline in anticipated production volumes and a change in the production mix for certain key platforms in North America since the 2004 acquisition as well as the impact of recent increases in material costs and customer price concessions in North America. In 2006, as a result of operating results in the Body & Chassis reportable segment, we recorded a goodwill impairment charge of $7.5 million and impairment charges of $5.8 million related to certain developed technology intangible assets. The impairment was recognized in our NVH segment in 2006. During 2007 we revised our segments and the NVH segment was combined with the Sealing segment to create the Body & Chassis segment.

Interest Expense, net: Interest expense increased by $2.4 million in 2007, primarily due to increased indebtedness resulting from the acquisition of MAPS and amortization of issuance costs associated with such borrowings.

Other Income (Expense): Other expense was $1.1 million in 2007 as a result of foreign currency losses of $0.5 million and minority interest expense of $0.6 million. Other income of $7.0 million in 2006 was primarily a result of a $4.1 million net gain related to the purchase of Senior Subordinated Notes, foreign exchange gains of $3.8 million, offset by a minority interest loss of $0.9 million.

Provision for Income Tax Expense (Benefit): Income taxes changed from a benefit of 7.2 million for an effective rate 46.2% in 2006 to an income tax expense of $32.9 million for an effective rate of (27.9%) in 2007. Tax expense in 2007 is primarily a result of the nondeductible nature of the goodwill impairment charge; valuation allowances recorded on tax losses and credits generated in the U.S.; tax rate changes enacted during 2007 in the Czech Republic, Canada, Germany, Spain and the United Kingdom resulting in additional expense related to the impact of deferred taxes recorded in those jurisdictions; the distribution of income between the U.S. and foreign sources; and other non-recurring discrete items. In 2006, the Company provided a benefit for net operating losses in the U.S. until that point when deferred tax assets exceeded the related liabilities and the recoverability was no longer assured beyond a reasonable doubt.

Year ended December 31, 2006 Compared to Year Ended December 31, 2005

Net Sales: Our net sales increased from $1,827.4 million in 2005 to $2,164.3 million in 2006, an increase of $336.8 million, or 18.4%. The increase resulted primarily from the acquisition of FHS and favorable foreign exchange rates ($36.5 million), partially offset by lower unit sales volumes in North America and customer price concessions. In North America, our sales increased by $209.7 million primarily due to the acquisition of FHS and $21.7 million of favorable foreign currency translation, partially offset by lower unit sales volumes and customer price concessions. In our international operations, a sales increase of $127.1 million was attributable to the acquisition of FHS and $14.8 million favorable impact of foreign currency translation, partially offset by lower unit sales volumes on certain platforms and customer price concessions.

Gross Profit: Gross profit increased $55.1 million to 15.4% of sales in 2006, as compared to 15.2% of sales in 2005. This increase resulted primarily from the acquisition of FHS combined with the favorable impact of various cost saving initiatives, partially offset by customer price concessions and increased material costs.

Operating Profit: Operating profit in 2006 was $12.0 million lower than the operating profit reported in 2005, decreasing from $76.3 million to $64.3 million. This is primarily due to impairment of Body & Chassis segment ($13.2 million), increased restructuring costs ($20.9 million) and amortization of intangibles ($2.9 million), as well as increased selling, administration, and engineering expenses ($30.0 million). Such items were partially offset by gross profit increase of $55.1 million. Selling, administration, and engineering expenses were higher in 2006 by 17.7%, primarily due to the inclusion of FHS, partially offset by cost savings and restructuring initiatives.

Amortization of Intangibles: Amortization increased by $2.9 million in 2006 due to the amortization of intangible assets recorded as a result of the acquisition of FHS.

Impairment Charges: As a result of declining operating results in our Body & Chassis reportable segment, we recorded a goodwill impairment charge of $7.5 million and impairment charges of $5.8 million related to Body & Chassis developed technology intangible assets. The impairment was recognized in our NVH segment in 2006. During 2007 we revised our segments and the NVH segment was combined with the Sealing segment to create the Body & Chassis segment.

Interest Expense, net: Interest expense increased by $20.6 million in 2006, primarily due to indebtedness used to finance the acquisition of FHS and amortization of issuance costs associated with such borrowings.

Other Income (Expense): Other income was $7.0 million in 2006 as compared to an expense of $1.3 million in 2005. This was primarily due to a $4.1 million net gain related to the purchase of Senior Subordinated Notes and the increased foreign exchange gain of $3.9 million.

Provision for Income Tax Expense (Benefit): Our effective tax rate changed from an expense of 21.2% in 2005 to a benefit of 46.2% in 2006 due primarily to the mix of earnings between jurisdictions in which tax benefits on taxable losses can be realized and jurisdictions in which they can not be realized and the benefit of tax credits.

Segment Results of Operations

(Dollar amounts in thousands)	For the Year Ended December 31, 2005	2006	2007
Sales			
Body & Chassis	$ 1,144,024	$ 1,100,390	$ 1,317,621
Fluid	588,820	971,122	1,096,944
Asia Pacific(1)	94,596	92,750	96,588
	$ 1,827,440	$ 2,164,262	$ 2,511,153
Segment profit (loss)			
Body & Chassis	$ (7,598)	$ (26,108)	$ 33,993
Fluid	22,154	19,173	(137,913)
Asia Pacific(1)	(3,365)	(8,729)	(14,127)
	$ 11,191	$ (15,664)	$ (118,047)

(1) The Asia Pacific segment consists of both Body & Chassis and Fluid products in that region with the exception of the joint venture with Shanghai SAIC, which was purchased as part of the MAPS acquisition and the MAP India joint venture. These joint ventures are included in the Body & Chassis segment which is in line with the internal management structure.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Body & Chassis: Sales increased $217.2 million, or 19.7%, primarily due to the acquisition of MAPS, higher sales volumes and favorable foreign exchange ($47.6 million), partially offset by customer price concessions. Segment profit increased by $60.1 million as the result of favorable impact of various cost savings initiatives and the acquisition of MAPS, partially offset by higher raw material costs and customer price concessions.

Fluid: Sales increased $125.8 million, or 13.0%, primarily due to the acquisition of El Jarudo, the full year impact of the FHS acquisition, higher sales volumes, and favorable foreign exchange ($37.5 million), partially offset by customer price concessions. Segment profit decreased by $157.1 million as the result of impairment charges related to goodwill in the North America reporting unit ($142.9 million), and intangible assets ($3.5 million), customer price concessions, higher raw material costs, and increased restructuring costs ($4.3 million). Such items were partially offset by the inclusion of El Jarudo, favorable foreign exchange, and the favorable impact of various cost savings initiatives.

Asia Pacific: Sales increased $3.8 million, or 4.1%, primarily due to favorable foreign exchange ($1.8 million) and higher sales volume, partially offset by customer price concessions. Segment loss increased by $5.4 million as a result of start up related costs for operations in this region, partially offset by the favorable impact of various cost savings initiatives.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Body & Chassis: Sales decreased $43.6 million, or 3.8%, primarily due to lower sales volumes and customer price concessions, partially offset by favorable foreign exchange ($28.6 million). Segment loss increased by $18.5 million as the result of higher raw material costs, customer price concessions, lower sales volumes, increased restructuring of ($16.7 million) and impairment of goodwill ($7.5 million) and developed technology ($5.8 million), partially offset by the favorable impact of various cost savings initiatives.

Fluid: Sales increased $382.3 million, or 64.9%, primarily due to the acquisition of FHS, higher sales volumes, and favorable foreign exchange ($5.1 million), partially offset by customer price concessions. Segment profit decreased by $3.0 million as the result of increased restructuring costs ($4.4 million), and amortization of intangible assets recorded as a result of the acquisition of FHS ($2.0 million). Such items are partially offset by the inclusion of FHS, favorable foreign exchange, and the favorable impact of various cost savings initiatives.

Asia Pacific: Sales decreased $1.8 million, or 2.0%, primarily due to lower sales volume, partially offset by favorable foreign exchange ($2.8 million). Segment loss increased by $5.4 million as the result of customer price concessions, partially offset by the favorable impact of various cost savings initiatives.

Off-Balance Sheet Arrangements

We have provided a guarantee of a portion of the bank loans made to NISCO, our joint venture with Nishikawa Rubber Company. This debt guarantee is required of the partners by the joint-venture agreement and serves to support the credit-worthiness of NISCO. On July 1, 2003, NISCO entered into an additional bank loan with the joint venture partners each guaranteeing an equal portion of the amount borrowed. In accordance with FASB Interpretation No. 45, ‘‘Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,’’ guarantees meeting the characteristics described in the Interpretation are required to be recorded at fair value. Our maximum exposure under the guarantee arrangements at December 31, 2007 was $0.5 million.

As of December 31, 2007 we had no other material off-balance sheet arrangements.

Liquidity and Capital Resources

Operating Activities: Cash flow provided by operations was $185.4 million in 2007, which included $9.9 million of changes in operating assets and liabilities. Cash flow provided by operations was $135.9 million in 2006, which included $2.4 million of changes in operating assets and liabilities. We anticipate that cash flows from operations for the next twelve months will be positive and will exceed our projected capital expenditures and working capital needs.

Investing Activities: Cash used in investing activities was $260.0 million in 2007, which primarily consisted of acquisition cost of $158.7 million related to the acquisitions of El Jarudo, MAPS, and MAP India, capital spending of $107.3 million, less $4.8 million received from a sale leaseback transaction. This compared to $281.8 million in 2006, which primarily consisted of acquisition cost of $201.6 million related to the acquisition of FHS, capital spending of $82.9 million, reduced by $7.7 million received from NISCO as return on capital. We anticipate that we will spend approximately $125.0 million on capital expenditures in 2008.

Financing Activities: Net cash provided by financing activities totaled $55.0 million in 2007 as compared to net cash provided by financing activities of $147.6 million in 2006. The 2007 cash provided by financing activities was primarily comprised of proceeds from issuance of acquisition-related debt of $60.0 million, proceeds from issuance of stock of $30.0 million and a net increase of short term debt of $6.2 million, partially offset by normal debt repayments and voluntary prepayments on our term loans of $37.6 million and $3.1 million of debt issuance costs. The 2006 cash flow provided by financing activities was primarily comprised of proceeds from issuance of acquisition-related debt of $214.9 million, partially offset by normal debt payments and voluntary prepayments on our term loans of $46.8 million, the repurchase of a portion of the Senior Subordinated Notes for $14.9 million and $4.3 million of debt issuance costs.

Since the consummation of the 2004 Acquisition, we have been significantly leveraged. As of December 31, 2007, we have $1,140.2 million outstanding in aggregate indebtedness, with an additional $100.9 million of borrowing capacity available under our revolving credit facilities (after giving effect to $24.1 million of outstanding letters of credit). Our future liquidity requirements will likely be significant, primarily due to debt service obligations. Future debt service obligations may include required prepayments from annual excess cash flows, as defined, under our senior credit agreement commencing with the year ended December 31, 2008, which would be due 5 days after the filing of the Form 10-K, or in connection with specific transactions, such as certain asset sales and the incurrence of debt not permitted under the senior credit agreement.

Senior Credit Facilities. Our senior credit facilities consist of revolving credit facilities and term loan facilities. Our revolving credit facilities provide for loans in a total principal amount of up to $125.0 million with a maturity of 2010. The senior credit facilities include a Term Loan A facility of the Canadian dollar equivalent of $51.3 million with a maturity of 2010, a Term Loan B facility of $115.0 million with a maturity of December 2011 and a Term Loan C facility of $185.0 million with a maturity of December 2011. The term loans were used to fund the 2004 Acquisition. As described below the Company also has a Term Loan D and Term Loan E facility.

The borrowings under the senior credit facilities denominated in US dollars bear interest at a rate equal to an applicable margin plus, at our or the Canadian Borrower’s option, as applicable, either (a) a base rate determined by reference to the higher of (1) the prime rate of Deutsche Bank Trust Company Americas (or another bank of recognized standing reasonably selected by Deutsche Bank Trust Company Americas) and (2) the federal funds rate plus 0.5% or (b) LIBOR rate determined by reference to the costs of funds for deposits in US dollars for the interest period relevant to such borrowing adjusted for certain additional costs. Borrowings under the senior credit facilities denominated in Canadian dollars bear interest at a rate equal to an applicable margin plus, at the Canadian Borrower’s option, either (a) an adjusted Canadian prime rate determined by reference to the higher of (1) the prime rate of Deutsche Bank AG, Canada Branch for commercial loans made in Canada in Canadian dollars and (2) the average rate per annum for Canadian dollar bankers’ acceptances having a term of 30 days that appears of Reuters Screen CDOR Page plus 0.75% or (b) bankers’ acceptances rate determined by reference to the average discount rate on bankers’ acceptances as quoted on Reuters Screen CDOR Page or as quoted by certain Canadian reference lenders.

In addition to paying interest on outstanding principal under the senior credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facilities in respect of the unutilized commitments thereunder at a rate equal to 0.50% per annum. We also pay customary letter of credit fees.

The Term Loan B facility and the Term Loan C facility amortize each year in an amount equal to 1% per annum in equal quarterly installments for the first six years and nine months, with the remaining amount payable on the date that is seven years from the date of the closing of the senior credit facilities. During 2007 we made voluntary prepayments totaling $15.0 million on the Term Loan B facility and $7.0 million on the Term Loan C facility. The Term Loan A facility amortizes in equal quarterly installments of C$1.538 million in 2005 and 2006, C$2.308 million in 2007 and 2008, and C$3.846 million in 2009 and 2010.

On February 6, 2006, in conjunction with the closing of the FHS acquisition, we amended our Senior Credit Facilities and closed on Term Loan D with a notional amount of $215.0 million. The amount of the additional term loan was based on the purchase price of the acquisition and anticipated transaction costs. Term Loan D matures on December 23, 2011 and carries terms and conditions similar to those found in the remainder of our Term B and C Facilities. Term Loan D was structured as two tranches, $190.0 million borrowed in U.S. dollars, and €20.7 million borrowed in Euros. The financing was split between currencies to take into consideration the value of the European assets acquired in the FHS transaction.

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The Senior Credit Facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability, and the ability of our subsidiaries, to sell assets; incur additional indebtedness or issue preferred stock; repay other indebtedness (including the notes); pay certain dividends and distributions or repurchase our capital stock; create liens on assets; make investments, loans, or advances; make certain acquisitions; engage in mergers or consolidations; enter into sale and leaseback transactions; engage in certain transactions with affiliates; amend certain material agreements governing our indebtedness, including the exchange notes; and change the business conducted by us and our subsidiaries.

On July 26, 2007, the Company entered into the Second Amendment to the Credit Agreement (the ‘‘Amendment’’), among Holdings, the Company, Cooper-Standard Automotive Canada Limited, a corporation organized under the laws of Ontario, Cooper-Standard International Holdings BV, a corporation organized under the laws of the Netherlands, the lenders party thereto, Deutsche Bank Trust Company Americas, as administrative agent, Lehman Commercial Paper Inc., as syndication agent, and Goldman Sachs Credit Partners, L.P., UBS Securities LLC and The Bank of Nova Scotia, as co-documentation agents. The Amendment permitted the MAPS acquisition and allows the Company to borrow up to €65.0 million through an incremental term loan under the Credit Agreement (as amended) to provide a portion of the funding necessary for the MAPS Acquisition and to pay related fees and expenses. The Amendment also expands the dual currency borrowing sub limit under the Revolving Credit Agreement to $35.0 million and adds Cooper-Standard International Holdings BV as a permitted borrower under this sub limit. The amendment includes other changes which increase the Company’s financial and operating flexibility, including amended financial covenants, expanded debt and investment baskets, and the ability to include the results of our non-consolidated joint ventures in the covenant calculations, among other things.

To finance part of the MAPS acquisition the Company borrowed €44.0 million under the Amendment discussed above. This borrowing was combined with the Euro tranche of the Term Loan D to create Term Loan E and as of December 31, 2007 had an outstanding balance of €64.1 million. The Company also borrowed $10.0 million under the Primary Revolving Credit Agreement, which was repaid in its entirety by September 30, 2007. In addition the Company borrowed €15.0 million under the dual-currency sub limit of the revolver, which was repaid in its entirety as of December 31, 2007.

Senior Notes and Senior Subordinated Notes

Our outstanding 7% Senior Notes due 2012 (the ‘‘Senior Notes’’) were issued under an Indenture, dated December 23, 2004 (the ‘‘Senior Indenture’’). Our 8 3/8% Senior Subordinated Notes (the ‘‘Senior Subordinated Notes’’) were also issued under an Indenture, dated December 23, 2004 (the ‘‘Subordinated Indenture’’ and, together with the Senior Indenture, the ‘‘Indentures’’). During 2006 we repurchased $19.5 million notional amount of our Senior Subordinated Notes for $14.9 million.

Interest on the Senior Notes accrues at the rate of 7% per annum and is payable semiannually in arrears on June 15 and December 15, commencing on June 15, 2005. The Company makes each interest payment to the holders of record of the Senior Notes on the immediately preceding June 1 and December 1.

Interest on the Senior Subordinated Notes accrues at the rate of 8 3/8% per annum and is payable semiannually in arrears on June 15 and December 15, commencing on June 15, 2005. The Company makes each interest payment to the holders of record of the Senior Subordinated Notes on the immediately preceding June 1 and December 1.

The indebtedness evidenced by the Senior Notes (a) is unsecured senior indebtedness of the Company, (b) ranks pari passu in right of payment with all existing and future senior indebtedness of the Company, and (c) is senior in right of payment to all existing and future Subordinated Obligations (as used in respect of the Senior Notes) of the Company. The Senior Notes are also effectively subordinated to all secured indebtedness and other liabilities (including trade payables) of the Company to the extent of the value of the assets securing such indebtedness, and to all indebtedness of its Subsidiaries (other than the subsidiaries that guarantee the Senior Notes).

The Indebtedness evidenced by the Senior Subordinated Notes is unsecured senior subordinated indebtedness of the Company, is subordinated in right of payment, as set forth in the Subordinated

Indenture, to the prior payment in full in cash or temporary cash investments when due of all existing and future senior indebtedness of the Company, including the Company's obligations under the Senior Notes and the Credit Agreement, ranks pari passu in right of payment with all existing and future senior subordinated indebtedness of the Company, and is senior in right of payment to all existing and future Subordinated Obligations (as used in respect of the Senior Subordinated Notes) of the Company. The Senior Subordinated Notes are also effectively subordinated to any secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness, and to all indebtedness and other liabilities (including trade payables) of the Company's subsidiaries (other than the subsidiaries that guarantee the Senior Subordinated Notes).

Under each Indenture, upon the occurrence of any ''change of control'' (as defined in each Indenture), unless the Company has exercised its right to redeem all of the outstanding Notes of each holder of Notes of the applicable series shall have the right to require that the Company repurchase such noteholder's Notes of such series at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of the applicable Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date). The change of control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management.

The Credit Agreement provides that the occurrence of certain change of control events with respect to us would constitute a default thereunder. The Company, its directors, officers, employees or affiliates may, from time-to-time, purchase or sell Senior Notes or Senior Subordinated Notes on the open market, subject to limits as specified in the credit agreement and, with respect to purchases of senior subordinated notes, limits in the senior notes indenture.

The Indentures governing the Senior Notes and Senior Subordinated Notes limit our (and most or all of our subsidiaries') ability to:

- incur additional indebtedness;
- pay dividends on or make other distributions or repurchase our capital stock;
- make certain investments;
- enter into certain types of transactions with affiliates;
- use assets as security in other transactions; and
- sell certain assets or merge with or into other companies.

Subject to certain exceptions, the Indentures governing the Senior Notes and Senior Subordinated Notes permit us and our restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

Our compliance with certain of the covenants contained in the indentures governing the notes and in our senior credit agreement is determined based on financial ratios that are derived using our reported EBITDA, as adjusted for unusual items and certain other contingencies described in those agreements. The breach of such covenants in our senior credit agreement could result in a default under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under our indentures. Additionally, under our debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments, and paying dividends is limited, with exceptions that are either partially tied to similar financial ratios (in the case of the notes indentures) or are based on negotiated carveouts and baskets (in the case of the credit agreement). We refer to EBITDA as adjusted under the indentures as Indentures EBITDA and EBITDA as adjusted under the senior credit agreement as Consolidated EBITDA.

We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA are appropriate to provide additional information to investors to demonstrate compliance with our financing covenants. However, EBITDA and Consolidated EBITDA are not recognized terms under GAAP and do not purport to be alternatives to net income as a measure of operating performance. Additionally, EBITDA and Consolidated EBITDA are not intended to be

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measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments, debt service requirements, and capital expenditures. Because not all companies use identical calculations, these presentations of EBITDA and Consolidated EBITDA may not be comparable to similarly titled measures of other companies.

The following table reconciles net income to EBITDA and pro forma Indentures EBITDA under the credit agreement (dollars in millions):

	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Net income (loss)	$ 8.8	$ (8.4)	$ (151.0)
Provision for income tax expense (benefit)	2.4	(7.2)	32.9
Interest expense, net of interest income	66.6	87.1	89.6
Depreciation and amortization	111.2	138.4	136.0
EBITDA	$ 189.0	$ 209.9	$ 107.5
Restructuring	3.0	23.9	26.4
Foreign exchange gain(1)	(1.6)	(2.9)	(0.1)
Inventory write-up(2)	9.8	2.1	2.5
Tooling write-up(3)	2.2	—	—
Transition and integration costs(4)	—	1.4	1.5
Product remediation(5)	—	2.9	—
Net gain on bond repurchase(6)	—	(4.1)	—
Claim reserve(7)	—	1.8	—
Impairment charges(8)	—	13.2	146.4
Stock-based compensation	—	—	1.5
Other	0.9	—	—
	203.3	248.2	285.7
Pro forma adjustments related to FHS(9)	—	4.4	—
Pro forma adjustments related to El Jarudo(10)	—	—	1.7
Pro forma adjustments related to MAPS(11)	—	—	34.2
Pro forma adjustments related to MAPS India(12)	—	—	2.7
EBITDA adjustment related to other joint ventures(13)	(2.9)	—	8.0
Consolidated EBITDA	$ 200.4	$ 252.6	$ 332.3

(1) Unrealized foreign exchange gain on Acquisition-related indebtedness.
(2) Write-ups of inventory to fair value at the dates of the acquisitions.
(3) Purchase accounting adjustment related to tooling projects at the date of the 2004 Acquisition.
(4) Transition and integration costs related to the Acquisition of FHS in 2006 and MAPS & El Jarudo in 2007.
(5) Product rework and associated costs.
(6) Net gain on purchase of Senior Subordiated Notes of $19.5 million.
(7) Reserve reflecting the Company's best estimate of probable liability in connection with U.S. Bankruptcy Court claim filed by a customer to recover payments made by the customer to the Company allegedly constituting recoverable ''preference'' payments.
(8) 2006-Impairment charges related to Body & Chassis goodwill ($7.5 million) and developed technology ($5.8 million). 2007-Impairment charges related to North America Fluid goodwill ($142.9 million) and certain intangibles ($3.5 million).
(9) Pro forma adjustments to FHS's reported EBITDA for the period from January 1, 2006 to February 6, 2006.
(10) Pro forma adjustments to El Jarudo's reported EBITDA for the period from January 1, 2007 to March 31, 2007.

Table of Contents (11) Pro forma adjustments to MAPS reported EBITDA for the period from January 1, 2007 to August 31, 2007. (12) Pro forma adjustments to MAP India reported EBITDA for the period from January 1, 2007 to December 27, 2007. (13) The Company's share of EBITDA in its joint ventures, net of equity earnings.

Our covenant levels and ratios for the four quarters ended December 31, 2007 are as follows:

		Covenant Level at December 31, 2007	Covenant Thresholds
Senior Credit Facilities	Senior Secured Debt to Consolidated EBITDA ratio	1.74 to 1.0	≤ 3.25 to 1.0
Indentures	Consolidated Coverage Ratio	3.7 to 1.0	≥ 2.0 to 1.0

In addition, under the terms of our Credit Agreement, we are required to repay a portion of our credit facilities by a certain percentage, based on our leverage ratio, of our excess cash flow commencing with the year ended December 31, 2008. As a result, as of December 31, 2007, we did not have to make any additional mandatory repayment.

Working capital

Historically we have not generally experienced difficulties in collecting our accounts receivable because most of our customers are large, well-capitalized automobile manufacturers. We believe that we currently have a strong working capital position. As of December 31, 2007, we have net cash of $40.9 million. Our additional borrowing capacity through use of our senior credit facilities with our bank group and other bank lines is $100.9 million (after giving effect to $24.1 million of outstanding letters of credit).

Available cash and contractual commitments

The following table summarizes our contractual cash obligations at December 31, 2007. Our contractual cash obligations consist of legal commitments requiring us to make fixed or determinable cash payments, regardless of the contractual requirements of the vendor to provide future goods or services. Except as disclosed, this table does not include information on our recurring purchase of materials for use in production, as our raw materials purchase contracts typically do not meet this definition because they do not require fixed or minimum quantities.

	Payment due by period				
Contractual Obligations	Total	Less than 1 year	1-3 Years	3-5 years	More than 5 Years
	(dollars in millions)				
Debt obligations	$ 1,084.8	$ 14.4	$ 41.3	$ 698.6	$ 330.5
Interest on debt obligations(1)	427.0	85.1	246.6	68.2	27.1
Capital lease obligations	2.3	1.6	0.6	0.1	—
Operating lease obligations	74.0	19.4	24.6	14.1	15.9
Other obligations(2)	80.3	63.2	17.1	—	—
Total	$ 1,668.4	$ 183.7	$ 330.2	$ 781.0	$ 373.5

(1) Interest on $554.3 million of variable rate debt is calculated based on LIBOR rate and Canadian Dollar Bankers Acceptance Rate as of December 31, 2007. (2) Noncancellable purchase order commitments for capital expenditures & other borrowings.

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

We also have minimum funding requirements with respect our pension obligations. We expect to make cash contributions of approximately $33.0 million to our domestic and foreign pension plan asset portfolios in 2008. Our minimum funding requirements after 2008 will depend on several factors, including the investment performance of our retirement plans and prevailing interest rates. Our funding obligations may also be affected by changes in applicable legal requirements. We also have payments due with respect to our postretirement benefit obligations. We do not prefund our postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect other postretirement benefit net payments to be approximately $4.0 million in 2008.

We may be required to make significant cash outlays to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of $4.2 million as of December 31, 2007, have been excluded from the contractual obligations table above. For further information related to unrecognized tax benefits, see Note 11, ‘‘Income taxes’’, to the consolidated financial statements.

Excluded from the contractual obligation table are open purchase orders at December 31, 2007 for raw materials and supplies used in the normal course of business, supply contracts with customers, distribution agreements, joint venture agreements, and other contracts without express funding requirements.

Raw Materials and Manufactured Components

The principal raw materials for our business include fabricated metal-based components, oil based components, synthetic rubber, carbon black, and natural rubber. We manage the procurement of our raw materials to assure supply and to obtain the most favorable pricing. For natural rubber, procurement is managed by buying in advance of production requirements and by buying in the spot market. For other principal materials, procurement arrangements include short-term supply agreements that may contain formula-based pricing based on commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands. We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, metal stampings, castings, and other labor-intensive, economically freighted products.

Seasonal Trends

Sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. These typically result in lower sales volumes during July, August, and December.

Restructuring

2005 Initiatives

In 2005, the Company implemented a restructuring strategy and announced the closure of two manufacturing facilities in the United States and the decision to exit certain businesses within and outside the U.S. Both of the closures are substantially complete as of December 31, 2007, but the Company will continue to incur costs until the facilities are sold.

During the year ended December 31, 2007, the Company recorded total costs of $5.6 million related to the previously announced U.S. closures and workforce reductions in Europe. These costs consisted of severance, asset impairment, and other exit costs of $1.8 million, $0.6 million and $3.2 million, respectively. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 3,672	$ 313	$ —	$ 3,985
Expense incurred	1,803	3,238	568	5,609
Cash payments	(4,700)	(3,009)	—	(7,709)
Utilization of reserve	—	—	(568)	(568)
Balance at December 31, 2007	$ 775	$ 542	$ —	$ 1,317

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2006 Initiatives

In May 2006, the Company implemented a restructuring action and announced the closure of a manufacturing facility located in Canada and the transfer of related production to other facilities in North America. The closure was essentially complete as of December 31, 2007 at a total cost of $3.8 million. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 138	$ —	$ —	$ 138
Expense incurred	6	851	—	857
Cash payments	(135)	(851)	—	(986)
Balance at December 31, 2007	$ 9	$ —	$ —	$ 9

European Initiatives

In 2006, the Company implemented a European restructuring initiative, which addressed the operations of our non-strategic facilities. The initiative includes the closure of a manufacturing facility, terminations, and the transfer of production to other facilities in Europe and North America. The initiative is expected to be completed in 2008 at an estimated total cost of approximately $19.4 million. The Company recorded severance, asset impairment and other exit costs of $6.3 million, $0.1 million and $6.8 million, respectively, during the year ended December 31, 2007. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 2,534	$ —	$ —	$ 2,534
Expense incurred	6,270	6,829	52	13,151
Cash payments	(7,362)	(6,829)	—	(14,191)
Utilization of reserve	—	—	(52)	(52)
Balance at December 31, 2007	$ 1,442	$ —	$ —	$ 1,442

FHS Acquisition Initiatives

In connection with the acquisition of FHS, the Company formalized a restructuring plan to address the redundant positions created by the consolidation of the businesses. In connection with this restructuring plan, the Company announced the closure of several manufacturing facilities located in North America, Europe, and Asia and the transfer of related production to other facilities. The closures are expected to be completed in 2008 at an estimated total cost of approximately $19.0 million, including costs recorded through purchase accounting. As a result of this initiative, the Company recorded certain severance and other exit costs of $11.8 million and $0.7 million, respectively, through purchase accounting. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 9,256	$ 720	$ —	$ 9,976
Expense incurred	295	5,714	—	6,009
Cash payments	(3,101)	(2,224)	—	(5,325)
Balance at December 31, 2007	$ 6,450	$ 4,210	$ —	$ 10,660

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2007 Initiatives

In May 2007, the Company implemented a restructuring action and announced the closure of a manufacturing facility located in Mexico and the transfer of related production to other facilities in North America. The closure was substantially complete as of December 31, 2007. The estimated total cost of this closure is expected to be approximately $1.2 million, as the Company will continue to incur costs until the facility is sold. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ —	$ —	$ —	$ —
Expense incurred	478	276	6	760
Cash payments	(422)	(276)	(6)	(704)
Utilization of reserve	—	—	—	—
Balance at December 31, 2007	$ 56	$ —	$ —	$ 56

Purchase Accounting

Acquisition of MAPS

The acquisition of MAPS was accounted for under the purchase method of accounting, in accordance with Financial Accounting Standards Board (''FASB'') Statement of Financial Accounting Standards No. 141, ''Business Combinations'' (''SFAS 141''). Accordingly, the assets purchased and liabilities assumed were included in the Company's consolidated balance sheet as of December 31, 2007. The operating results of the MAPS entities were included in the consolidated results of operations from the date of acquisition. The following summarizes the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. This allocation may change materially in the future as additional information becomes available, such as settlement of the working capital adjustment and final third party valuations of certain assets and liabilities.

Cash and cash equivalents	$ 10,237
Accounts receivable, net	118,545
Inventories, net	35,142
Prepaid expenses	7,995
Property, plant, and equipment, net	129,848
Investments	16,531
Other assets	28,869
Total assets acquired	347,167
Accounts payable	66,211
Short-term notes payable	22,039
Payroll liabilities	28,806
Accrued liabilities	10,635
Long-term debt	14,556
Pension benefits	37,839
Other long-term liabilities	18,488
Total liabilities assumed	198,574
Net assets acquired	$ 148,593

Cash and cash equivalents, accounts receivable, other current assets, accounts payable, and other current liabilities were stated at historical carrying values which management believes approximates fair value given the short-term nature of these assets and liabilities. Inventories were recorded at fair value which is estimated for finished goods and work-in-process based upon the expected selling price less costs to complete, selling, and disposal costs, and a normal profit to the buyer. Raw material inventory was recorded at carrying value as such value approximates the replacement cost. Tooling in process, which is included in other assets, was recorded at fair value which is based upon expected selling price less costs to complete. The Company's pension obligations have been recorded in the allocation of purchase price at the projected benefit obligation less plan assets at fair market value, based on computations made by independent actuaries. Deferred income taxes have been provided in the consolidated balance sheet based on the Company's estimates of the tax versus book basis of the assets acquired and liabilities assumed, adjusted to estimated fair values. Management has estimated the fair value of property, plant, and equipment, intangibles and other long-lived assets based upon financial estimates and projections prepared in conjunction with the transaction. These estimates are subject to change in future periods as the valuations are finalized.

The initial analysis determined that the estimated value assigned to all assets and liabilities assumed exceeded the acquisition price. Accordingly, an adjustment to reduce the value of long-lived assets was recorded in accordance with SFAS No. 141 and no goodwill was recorded related to this transaction as of December 31, 2007.

Critical Accounting Policies and Estimates

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

Pre-Production Costs Related to Long Term Supply Arrangements. Costs for molds, dies, and other tools owned by us to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. The amount capitalized was $8.0 million and $8.8 million at December 31, 2006 and 2007, respectively. Costs incurred during the engineering and design phase of customer-owned tooling projects are expensed as incurred unless a contractual arrangement for reimbursement by the customer exists. Reimbursable tooling costs included in other assets was $4.4 million and $8.9 million at December 31, 2006 and 2007, respectively. Development costs for tools owned by the customer that meet EITF 99-5 requirement are recorded in accounts receivable in the accompanying combined balance sheets if considered a receivable in the next twelve months. At December 31, 2006 and 2007, $45.9 million and $73.6 million, respectively, was included in accounts receivable for customer-owned tooling of which $27.1 million and $39.0 million, respectively, was not yet invoiced to the customer.

Goodwill. In connection with the 2004 Acquisition and other acquisitions since 2004 as described in Note 3, we have applied the provisions of SFAS No. 141, Business Combination. Goodwill, which represents the excess of cost over the fair value of the net assets of the businesses acquired, was approximately $435.6 million and $290.6 million as of December 31, 2006 and 2007, respectively.

Goodwill is not amortized but is tested annually for impairment. The Company evaluates each reporting unit's fair value versus its carrying value annually or more frequently if events or changes in circumstances indicate that the carrying value may exceed the fair value of the reporting unit. Estimated fair values are based on the cash flows projected in the reporting units' strategic plans and long-range planning forecasts discounted at a risk-adjusted rate of return. While we believe our estimates of fair value are reasonable

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based upon current information and assumptions about future results, changes in our businesses, the markets for our products, the economic environment and numerous other factors could significantly alter our fair value estimates and result in future impairment of recorded goodwill. We are subject to financial statement risk in the event that goodwill becomes impaired. If the carrying value exceeds the fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing as of October 1st of each year.

During 2007, our North America Fluid reporting unit experienced operating results that were below our previous expectations, primarily as a result of a recent and projected decline in vehicle production volumes, a change in the production mix for certain key platforms in North America since the 2004 Acquisition, the impact of recent increases in material costs, and price concessions to customers. Due to these factors, the calculated fair value of our North America Fluid reporting unit was less than book value. As a result, we recorded a goodwill impairment charge of $142.9 million related to this reporting unit.

Long-lived assets – We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with SFAS No. 144, ''Accounting for the Impairment or Disposal of Long-Lived Assets.'' If impairment indicators exist, we perform the required analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Change in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets.

We recorded impairment charges related to certain intangible assets within our North America Fluid reporting unit of $3.5 million in the year ended December 31, 2007.

Restructuring-Related Reserves. Specific accruals have been recorded in connection with restructuring our businesses, as well as the integration of acquired businesses. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities, contractual obligations, and the valuation of certain assets. Actual amounts recognized could differ from the original estimates.

Restructuring-related reserves are reviewed on a quarterly basis and changes to plans are appropriately recognized when identified. Changes to plans associated with the restructuring of existing businesses are generally recognized as employee separation and plant phaseout costs in the period the change occurs. Under EITF 95-3, ''Recognition of Liabilities in Connection with a Purchase Business Combination,'' changes to plans associated with the integration of an acquired business are recognized as an adjustment to the acquired business' original purchase price (goodwill) if recorded within one year of the acquisition. After one year, a reduction of goodwill is recorded if the actual costs incurred are less than the original reserve. More than one year subsequent to an acquisition, if the actual costs incurred exceed the original reserve, the excess is recognized in current year operations as an employee separation and plant phaseout cost. For additional discussion, please refer to Note 4 to the Consolidated Financial Statements.

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

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

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

Income Taxes. In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. In accordance with SFAS No. 109, Accounting for Income Taxes, we evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

During the 4th quarter of 2006, due to our recent operating performance in the United States and current industry conditions, we assessed, based upon all available evidence, and concluded that it was more likely than not that we would not realize our U.S. deferred tax assets. As a result, in the fourth quarter of 2006, we recorded a $0.3 million full valuation allowance on our net U.S. deferred tax asset. During 2007 we continued to incur losses in the United States for which no tax benefit was recorded. During 2007, our U.S. valuation allowance increased by $35.9 million, primarily related to permanent tax benefits for certain tax positions and operating losses incurred in the United States during 2007.

At December 31, 2007, deferred tax assets for net operating loss and tax credit carry-forwards of $162.0 million were reduced by a valuation allowance of $129.0 million. These deferred tax assets relate principally to net operating loss carry-forwards in the U.S and our subsidiaries in the United Kingdom, France, Brazil, and Spain. They also relate to Special Economic Zone Credits in Poland, U.S foreign tax credits, research and development tax credits, state net operating losses, and state tax credits. Some of these can be utilized indefinitely, while others expire from 2008 through 2027. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Adjustments to pre-acquisition valuation allowances will be offset to goodwill through December 31, 2008. Effective January 1, 2009, with the adoption of SFAS No. 141(R) the benefit of the reversal of the valuation allowances on pre-acquisition contingencies will be included as a component of income tax expense. Adjustments in post-acquisition valuation allowances will be offset to future tax provision.

On January 1, 2007, we adopted the provisions of FASB Interpretation (‘‘FIN’’) No. 48, ‘‘Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109.’’ FIN 48 clarifies the accounting for uncertainty in income taxes by establishing minimum standards for the recognition and measurement of tax positions taken or expected to be taken in a tax return. Under the requirements of FIN 48, we must review all of our tax positions and make a determination as to whether its position is more-likely-than-not to be sustained upon examination by regulatory authorities. If a tax position meets the more-likely-than-not standard, then the related tax benefit is measured based on a cumulative probability analysis of the amount that is more-likely-than-not to be realized upon ultimate settlement or disposition of the underlying issue.

We recognized the cumulative impact of the adoption of FIN 48 as a $0.2 million increase to our liability for unrecognized tax benefits with a corresponding reduction to January 1, 2007 retained earnings (deficit) balance.

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

Pensions and postretirement benefits other than pensions.   Included in our results of operations are significant pension and post-retirement benefit costs, which are measured using actuarial valuations. Inherent in these valuations are key assumptions, including assumptions about discount rates and expected returns on plan assets. These assumptions are updated at the beginning of each fiscal year. We are required to consider current market conditions, including changes in interest rates, in making these assumptions. Changes in pension and post-retirement benefit costs may occur in the future due to changes in these assumptions. Our net pension and post-retirement benefit costs were approximately $12.6 million and $6.5 million, respectively, during fiscal 2007.

To develop our discount rate, we considered the available yields on high-quality, fixed-income investments with maturities corresponding to our benefit obligations. To develop our expected return on plan assets, we considered historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our expected portfolio mix of plan assets, we considered the duration of the plan liabilities and gave more weight to equity positions, including both public and private equity investments, than to fixed-income securities. Holding all other assumptions constant, a 0.25 percentage point increase or decrease in the discount rate would have decreased or increased the fiscal 2007 net pension expense by approximately $0.5 million. Likewise, a 0.25 percentage point increase or decrease in the expected return on plan assets would have increased or decreased the fiscal 2007 net pension cost by approximately $0.9 million.

Market conditions and interest rates significantly affect the future assets and liabilities of our pension and post-retirement plans. It is difficult to predict these factors due to highly volatile market conditions. Holding all other assumptions constant, a 0.25 percentage point decrease or increase in the discount rate would have increased or decreased the minimum pension liability by approximately $4.0 million as of December 31, 2007.

The rate of increase in medical costs assumed for the next five years was held constant with prior years to reflect both actual experience and projected expectations. The health care cost trend rate assumption has a significant effect on the amounts reported. Only certain employees hired are eligible to participate in our company’s subsidized post-retirement plan.

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

Derivative financial instruments.   Derivative financial instruments are utilized by the Company to reduce foreign currency exchange, interest rate and commodity price risks. The Company has established policies and procedures for risk assessment and the approval, reporting, and monitoring of derivative financial instrument activities. On the date the derivative is established, the Company designates the derivative as either a fair value hedge, a cash flow hedge, or a net investment hedge in accordance with its established policy. The Company does not enter into financial instruments for trading or speculative purposes.

Use of Estimates.   The preparation of the consolidated financial statements in conformity with the accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. During 2007, there were no material changes in the methods or policies used to establish estimates and assumptions. Generally, matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, asset impairments, useful lives of intangible and fixed assets, unsettled pricing discussions with customers and suppliers, restructuring accruals, deferred tax asset valuation allowances and income taxes, pension and other post retirement benefit plan assumptions,

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accruals related to litigation, warranty and environmental remediation costs and self-insurance accruals. Actual results may differ from estimates provided.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to fluctuations in interest rates and currency exchange rates. We actively monitor our exposure to risk from changes in foreign currency exchange rates and interest rates through the use of derivative financial instruments in accordance with management's guidelines. We do not enter into derivative instruments for trading purposes. See ''Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Derivative financial instruments'' and ''Item 8. Financial Statements and Supplementary Data'' (especially Note 19).

As of December 31, 2007, we had $554.3 million of variable rate debt. A 1% increase in the average interest rate would increase future interest expense by approximately $2.8 million per year, after considering the effects of the interest rate swap contracts, which were used to manage cash flow fluctuations of certain variable rate debt due to changes in market interest rates. Interest rate swap contracts which fix the interest payments of certain variable rate debt instruments or fix the market rate component of anticipated fixed rate debt instruments are accounted for as cash flow hedges.

As of December 31, 2007, interest rate swap contracts representing $270.3 million of notional amount were outstanding with maturity dates of December, 2010 through December, 2011. These contracts modify the variable rate characteristics of the Company's variable rate debt instruments, which are generally set at three-month USD LIBOR rates or Canadian Dollar Bankers Acceptance Rates. Of the above amount, $245.0 million of notional amount pertains to the swap of USD denominated debt fixed at 5.8% and $25.3 million pertains to Canadian dollar denominated debt fixed at 4.9%. These contracts convert variable rate obligations into fixed rate obligations with a weighted average interest rate of 5.7%. The fair market value of all outstanding interest rate swap contracts is subject to changes in value due to changes in interest rates. As of December 31, 2007, the fair market value of these swaps was $(16.3) million and the same amount of net losses were recorded in accumulated other comprehensive income (loss). During 2007 losses of $1.2 million related to the interest rate swap contracts were reclassified from accumulated other comprehensive income (loss) into earnings. The Company expects approximately $3.8 million of losses recorded in accumulated other comprehensive gain (loss) to be reclassified into earnings during the year ended December 31, 2008.

As part of the MAPS acquisition we acquired an interest rate swap contract that was previously entered into to manage the cash flow fluctuations of variable rate debt. This contract modifies the variable rate characteristics of its variable rate debt instrument, which is set at six-month Euribor rates. As of December 31, 2007 the contract had a notional amount of €10.0 outstanding at a fixed rate of 4.14% with a maturity date of September 2013. As of December 31, 2007 the interest rate swap had a market value of $0.2 million.

We also used forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on Term Loan B, a U.S. dollar denominated obligation of our Canadian subsidiary, the portion of our Euro Term Loan E and short-term, foreign currency denominated intercompany transactions. Gains and losses on the derivative instruments are intended to offset gains and losses on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuations in foreign exchange rates. The currencies hedged by the Company under these arrangements are the Canadian Dollar, Euro and the Brazilian Real.

We also used forward foreign exchange contracts to hedge the Mexican peso to reduce the effect of fluctuations in foreign exchange rates on a portion of the forecasted operating expenses of our Mexican facilities. As of December 31, 2007, forward foreign exchange contracts representing $5.5 million of notional amount were outstanding with maturities of less than twelve months and the fair market value of these contracts was approximately $0.1 million. A 10% strengthening of the U.S. dollar relative to the Mexican peso would result in a decrease of $0.5 million in the fair market value of these contracts. A 10% weakening of the U.S. dollar relative to the Mexican peso would result in an increase of $0.6 million in the fair market value of these contracts.

We also used forward foreign exchange contracts to hedge the Canadian dollar to reduce the effect of fluctuations in foreign exchange rates on a portion of the forecasted material purchases of our Canadian facilities. As of December 31, 2007, forward foreign exchange contracts representing $9.9 million of notional amount were outstanding with maturities of less than twelve months and the fair market value of these contracts was approximately $(0.1) million. A 10% strengthening of the U.S. dollar relative to the Canadian dollar would result in an increase of $1.0 million in the fair market value of these contracts. A 10% weakening of the U.S. dollar relative to the Canadian dollar would result in a decrease of $1.0 million in the fair market value of these contracts.

During 2007 gains of $0.4 million related to the Mexican and Canadian forward foreign exchange contracts were reclassified from accumulated other comprehensive income (loss) into earnings. The amount to be reclassified in 2008 is not expected to be material.

We also have exposure to the prices of commodities in the procurement of certain raw materials. The primary purpose of our commodity price hedging activities is to manage the volatility associated with these forecasted purchases. The Company primarily utilizes forward contracts with maturities of less than 24 months. These instruments are intended to offset the effect of changes in commodity prices on forecasted inventory purchases. As of December 31, 2007, commodity contracts representing $6.0 million of notional amount were outstanding with a fair market value of approximately $(0.5) million. A 10% change in the equivalent commodity price would result in a change of $0.5 million in the fair market value of these contracts. During 2007 losses of $0.2 million were reclassified from accumulated other comprehensive income (loss) into earnings. The Company expects approximately $0.5 million of losses recorded in accumulated other comprehensive income (loss) to be reclassified into earnings during the year ended December 31, 2008.

Item 8. Financial Statements and Supplementary Data

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Annual Financial Statements

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Management

Cooper-Standard Holdings Inc.

We have audited the accompanying consolidated balance sheets of Cooper-Standard Holdings Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule for the three years in the period ended December 31, 2007 included in Item 8. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper-Standard Holdings Inc. and subsidiaries at December 31, 2007 and 2006 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the three years in the period ended December 31, 2007, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Notes 9, 10, and 11, respectively, to the consolidated financial statements in 2007, the Company changed its method of accounting for pension, other postretirement benefit plans and income taxes.

/s/ Ernst & Young LLP

Detroit, Michigan

March 31, 2008

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CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollar amounts in thousands)

For the Year Ended December 31, 2005 2006 2007 Sales $ 1,827,440 $ 2,164,262 $ 2,511,153 Cost of products sold 1,550,265 1,832,027 2,114,039 Gross profit 277,175 332,235 397,114 Selling, administration, & engineering expenses 169,702 199,739 222,134 Amortization of intangibles 28,161 31,025 31,850 Impairment charges — 13,247 146,366 Restructuring 3,038 23,905 26,386 Operating profit (loss) 76,274 64,319 (29,622) Interest expense, net of interest income (66,583) (87,147) (89,577) Equity earnings 2,781 179 2,207 Other income (expense) (1,281) 6,985 (1,055) Income (loss) before income taxes 11,191 (15,664) (118,047) Provision for income tax expense (benefit) 2,377 (7,244) 32,946 Net income (loss) $ 8,814 $ (8,420) $ (150,993)
The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS
December 31, 2006 and 2007
(Dollar amounts in thousands)

	December 31, 2006	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 56,322	$ 40,877
Accounts receivable, net	383,779	546,794
Inventories, net	120,865	155,321
Prepaid expenses	11,349	19,603
Other	10,071	9,674
Total current assets	582,386	772,269
Property, plant, and equipment, net	542,536	722,373
Goodwill	435,636	290,588
Intangibles, net	284,539	256,258
Other assets	66,336	120,767
	$ 1,911,433	$ 2,162,255
Liabilities and Stockholders’ Equity		
Current liabilities:		
Debt payable within one year	$ 17,414	$ 51,999
Accounts payable	165,992	295,638
Payroll liabilities	71,650	103,161
Accrued liabilities	76,278	78,218
Total current liabilities	331,334	529,016
Long-term debt	1,038,047	1,088,162
Pension benefits	60,994	109,101
Postretirement benefits other than pensions	99,300	76,514
Deferred tax liabilities	34,008	28,331
Other long-term liabilities	27,041	62,573
Stockholders’ equity:		
Common stock, $0.01 par value, 3,500,000 and 4,000,000 shares authorized at December 31, 2006 and December 31, 2007, respectively, 3,238,100 and 3,483,600 shares issued and outstanding at December 31, 2006 and December 31, 2007, respectively	32	35
Additional paid-in capital	323,778	354,874
Accumulated deficit	(4,151)	(155,339)
Accumulated other comprehensive income	1,050	68,988
Total stockholders’ equity	320,709	268,558
	$ 1,911,433	$ 2,162,255

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

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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollar amounts in thousands)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2004	3,192,000	$ 32	$ 319,168	$ (4,545)	$ 3,505	$ 318,160
Issuance of common stock	46,100		4,610			4,610
Repurchase of common stock	(3,000)		(300)			(300)
Net income for 2005				8,814		8,814
Other comprehensive income:						
Minimum pension liability, net of $2,836 tax effect					(4,545)	(4,545)
Currency translation adjustment					(14,509)	(14,509)
Comprehensive loss						(10,240)
Balance at December 31, 2005	3,235,100	32	323,478	4,269	(15,549)	312,230
Issuance of common stock	3,000		300			300
Net loss for 2006				(8,420)		(8,420)
Other comprehensive income:						
Minimum pension liability, net of $1,034 tax effect					(3,202)	(3,202)
Currency translation adjustment					25,263	25,263
Fair value change of derivatives, net of $3,319 tax effect					(5,462)	(5,462)
Comprehensive income						8,179
Balance at December 31, 2006	3,238,100	32	323,778	(4,151)	1,050	320,709
Adoption of Fin 48				(195)		(195)
Issuance of common stock	250,000	3	29,997			30,000
Repurchase of common stock	(4,500)		(450)			(450)
Stock-based compensation			1,549			1,549
Adoption of SFAS No. 158, net of ($1,020) tax effect					25,846	25,846
Net loss for 2007				(150,993)		(150,993)
Other comprehensive income (loss):						
Minimum pension liability, net of ($1,934) tax effect					6,794	6,794
Currency translation adjustment					43,246	43,246
Fair value change of derivatives, net of $19 tax effect					(7,948)	(7,948)
Comprehensive loss						(108,901)
Balance at December 31, 2007	3,483,600	$ 35	$ 354,874	$ (155,339)	$ 68,988	$ 268,558

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Operating Activities:			
Net income (loss)	$ 8,814	$ (8,420)	$ (150,993)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	83,044	107,408	104,199
Amortization	28,161	31,025	31,850
Impairment charges	—	13,247	146,366
Gain on bond repurchase	—	(4,071)	—
Non-cash restructuring charges	122	8,975	626
Amortization of debt issuance cost	3,699	5,057	4,883
Stock-based compensation expense	—	—	1,549
Deferred income taxes	(24,529)	(32,513)	4,444
Changes in operating assets and liabilities, net of effects of businesses acquired:			
Accounts receivable	(30,124)	12,170	(31,750)
Inventories	11,865	16,897	14,836
Prepaid expenses	8	9,532	3,440
Accounts payable	33,447	(30,629)	39,945
Accrued liabilities	10,167	(5,536)	(16,567)
Other	(11,722)	12,740	32,545
Net cash provided by operating activities	112,952	135,882	185,373
Investing activities:			
Property, plant, and equipment	(54,481)	(82,874)	(107,255)
Acquisition of businesses, net of cash acquired	(54,270)	(201,621)	(158,671)
Return on equity investments	—	7,746	—
Payment to stockholder related to 2004 Acquisition	(8,000)	—	—
Cost of other acquisitions and equity investments	(17,181)	(4,116)	—
Proceeds from sale – leaseback transaction	—	—	4,806
Other	967	(889)	1,103
Net cash used in investing activities	(132,965)	(281,754)	(260,017)
Financing activities:			
Proceeds from issuance of long-term debt	—	214,858	59,968
Increase/(decrease) in short term debt	(335)	949	6,189
Repurchase of bonds	—	(14,929)	—
Principal payments on long-term debt	(10,340)	(46,786)	(37,557)
Proceeds from issuance of stock	4,610	300	30,000
Debt issuance cost	(509)	(4,317)	(3,104)
Other	(580)	(2,442)	(450)
Net cash provided by (used in) financing activities	(7,154)	147,633	55,046
Effects of exchange rate changes on cash	5,713	(7,643)	4,153
Changes in cash and cash equivalents	(21,454)	(5,882)	(15,445)
Cash and cash equivalents at beginning of year	83,658	62,204	56,322
Cash and cash equivalents at end of year	$ 62,204	$ 56,322	$ 40,877

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share amounts)

1. Description of Business

Description of business

Cooper-Standard Holdings Inc. (the ‘‘Company’’), through its wholly-owned subsidiary Cooper-Standard Automotive Inc., is a leading global manufacturer of body & chassis and fluid handling components, systems, subsystems and modules, primarily for use in passenger vehicles and light trucks for global original equipment manufacturers (‘‘OEMs’’) and replacement markets. The Company conducts substantially all of its activities through its subsidiaries.

The Company was formed through the acquisition of the Automotive segment of Cooper Tire & Rubber Company (‘‘Cooper Tire’’) on December 23, 2004 for an aggregated price of $1,219,000. The 2004 Acquisition was funded through $318,000 of equity contributions and a combination of debt agreements.

2. Significant Accounting Policies

Principles of combination and consolidation – The consolidated financial statements include the accounts of the Company and the wholly owned and less than wholly owned subsidiaries controlled by the Company. All material intercompany accounts and transactions have been eliminated. Acquired businesses are included in the consolidated financial statements from the dates of acquisition.

The equity method of accounting is followed for investments in which the Company does not have control, but does have the ability to exercise significant influence over operating and financial policies, generally this occurs when ownership is between 20 to 50 percent. The cost method is followed in those situations where the Company's ownership is less than 20 percent and the Company does not have the ability to exercise significant influence.

The Company's investment in Nishikawa Standard Company (‘‘NISCO’’), a 50 percent owned joint venture in the United States, is accounted for under the equity method. This investment totaled $11,199 and $13,472 at December 31, 2006 and 2007, respectively, and is included in other assets in the accompanying consolidated balance sheets.

The Company's investment in Guyoung Technology Co. Ltd, a 20 percent owned joint venture in Korea, is accounted for under the equity method. This investment totaled $5,960 and $5,632 at December 31, 2006 and 2007, respectively, and is included in other assets in the accompanying consolidated balance sheets.

The Company's investment in Shanghai SAIC-Metzler Sealing Systems Co. Ltd., a 47.5 percent owned joint venture in China, is accounted for under the equity method. This investment totaled $17,240 at December 31, 2007 and is included in other assets in the accompanying consolidated balance sheets.

Foreign currency – The financial statements of foreign subsidiaries are translated to U.S. dollars at the end-of-period exchange rates for assets and liabilities and a weighted average exchange rate for each period for revenues and expenses. Translation adjustments for those subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction related gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other that the functional currency are recognized in earnings as incurred, except for those intercompany balances which are designated as long-term.

Cash and cash equivalents – The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

Accounts receivable – The Company records trade accounts receivable when revenue is recorded in accordance with its revenue recognition policy and relieves accounts receivable when payments are received from customers. Generally the Company does not require collateral for its accounts receivable.

Allowance for doubtful accounts – The allowance for doubtful accounts is established through charges to the provision for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, management's judgment of the probability of collecting accounts, and management's evaluation of business risk. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. The allowance for doubtful accounts was $10,146 and $10,232 at December 31, 2006 and 2007, respectively.

Advertising expense – Expenses incurred for advertising are generally expensed when incurred. Advertising expense was $917 for 2005, $825 for 2006, and $842 for 2007.

Inventories – Inventories are valued at lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. The Company records inventory reserves for inventory in excess of production and/or forecasted requirements and for obsolete inventory in production. As of December 31, 2006 and 2007, inventories are reflected net of reserves of $10,973 and $14,823, respectively.

Derivative financial instruments – Derivative financial instruments are utilized by the Company to reduce foreign currency exchange, interest rate, and commodity price risks. The Company has established policies and procedures for risk assessment and the approval, reporting, and monitoring of derivative financial instrument activities. On the date the derivative is established, the Company designates the derivative as either a fair value hedge, a cash flow hedge, or a net investment hedge in accordance with its established policy. The Company does not enter into financial instruments for trading or speculative purposes.

Income taxes – Income tax expense in the consolidated and combined statements of operations is calculated in accordance with SFAS No. 109, Accounting for Income Taxes, which requires the recognition of deferred income taxes using the liability method.

Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if we determine that it is more likely than not that the asset will not be realized.

Long-lived assets – Property, plant, and equipment are recorded at cost and depreciated using primarily the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the expected life of the asset or term of the lease, whichever is shorter. Intangibles with definite lives, which include technology, customer contracts, and customer relationships, are amortized over their estimated useful lives. The Company evaluates the recoverability of long-lived assets when events and circumstances indicate that the assets may be impaired and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying value. If the net carrying value exceeds the fair value, an impairment loss exists and is calculated based on a discounted cash flow analysis or estimated salvage value. Discounted cash flows are estimated using internal budgets and assumptions regarding discount rates and other factors.

Pre-Production Costs Related to Long Term Supply Arrangements – Costs for molds, dies, and other tools owned by us to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. The amount capitalized was $7,965 and $8,796 at December 31, 2006 and 2007, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

Costs incurred during the engineering and design phase of customer-owned tooling projects are expensed as incurred unless a contractual arrangement for reimbursement by the customer exists. Reimbursable tooling costs included in other assets was $4,435 and $8,851 at December 31, 2006 and 2007, respectively. Development costs for tools owned by the customer that meet EITF 99-5 requirement are recorded in accounts receivable in the accompanying combined balance sheets if considered a receivable in the next twelve months. At December 31, 2006 and 2007, $45,944 and $73,584, respectively, was included in accounts receivable for customer-owned tooling of which $27,060 and $38,960, respectively, was not yet invoiced to the customer.

Goodwill – Goodwill is not amortized but is tested annually for impairment. The Company utilizes an income approach to estimate the fair value of each of its reporting units. The income approach is based on projected debt-free cash flow which is discounted to the present value using discount factors that consider the timing and risk of cash flows. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in the industry. Fair value is estimated using recent automotive industry and specific platform production volume projections, which are based on both third-party and internally-developed forecasts, as well as commercial, wage and benefit, inflation and discount rate assumptions. Other significant assumptions include terminal value growth rate, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of its reporting units. The Company conducts its annual goodwill impairment analysis as of October 1st of each fiscal year.

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

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

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

Research and development – Costs are charged to selling, administration and engineering expense as incurred and totaled, $65,597 for 2005, $74,791 for 2006, and $77,183 for 2007.

Stock-based compensation – Effective January 1, 2006, the Company adopted SFAS No. 123(R), Share-Based Payment, using the prospective method. The prospective method requires compensation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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cost to be recognized beginning on the effective date based on the requirements of SFAS 123(R) for all share-based payments granted after the effective date. All awards granted prior to the effective date are accounted for in accordance with Accounting Principles Board Opinion (‘‘APB’’) No. 25, Accounting for Stock Issued to Employees.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts of (1) revenues and expenses during the reporting period and (2) assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the financial statements. Actual results could differ from those estimates.

Reclassifications – Certain prior period amounts have been reclassified to conform to the current year presentation.

Recent accounting pronouncements

The FASB issued SFAS No. 141 (revised 2007), ‘‘Business Combinations.’’ This statement significantly changes the financial accounting and reporting of business combination transactions. The provisions of this statement are to be applied prospectively to business combination transactions in the first annual reporting period beginning on or after December 15, 2008.

The FASB issued SFAS No. 160, ‘‘Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51.’’ SFAS No. 160 establishes accounting and reporting standards for noncontrolling interests in subsidiaries. This statement requires the reporting of all noncontrolling interests as a separate component of stockholders’ equity, the reporting of consolidated net income (loss) as the amount attributable to both the parent and the noncontrolling interests and the separate disclosure of net income (loss) attributable to the parent and to the noncontrolling interests. In addition, this statement provides accounting and reporting guidance related to changes in noncontrolling ownership interests. Other than the reporting requirements described above which require retrospective application, the provisions of SFAS No. 160 are to be applied prospectively in the first annual reporting period beginning on or after December 15, 2008.

In February 2007, the Financial Accounting Standards Board (‘‘FASB’’) issued Statement of Financial Accounting Standards (‘‘SFAS’’) No. 159 ‘‘The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment to FASB Statement 115’’ (SFAS 159). This statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company will be required to adopt FAS No. 159 as of January 1, 2008. The Company does not expect the adoption of this statement to have a material impact on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards (‘‘SFAS’’) No. 158, ‘‘Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)’’ (SFAS No. 158). This statement requires recognition of the funded status of a company’s defined benefit pension and postretirement benefit plans as an asset or liability on the balance sheet. Previously, under the provisions of SFAS No. 87, ‘‘Employers’ Accounting for Pensions,’’ and SFAS No. 106, ‘‘Employers’ Accounting for Postretirement Benefits Other Than Pensions,’’ the asset or liability recorded on the balance sheet reflected the funded status of the plan, net of certain unrecognized items that qualified for delayed income statement recognition. Under SFAS No. 158, these previously unrecognized items are to be recorded in accumulated other comprehensive income (loss) when the recognition provisions are adopted. The Company adopted the recognition

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provisions as of December 31, 2007, and the funded status of its defined benefit plans is reflected in its consolidated balance sheets as of December 31, 2007. The incremental effect of applying the recognition provisions of SFAS No. 158 on the Company's consolidated balance sheet as of December 31, 2007, is shown below:

Effect of adopting SFAS No. 158	Before adoption of SFAS No. 158	Adjustments	After adoption of SFAS No. 158
Pension asset	$ 3,273	$ 146	$ 3,419
Liability for defined benefit plan obligations (current and long-term liabilities)	(221,777)	26,720	(195,057)
Accumulated other comprehensive (income) loss – (stockholders' equity)	2,889	(26,866)	(23,977)

Amounts recorded in accumulated other comprehensive income not yet recognized in net periodic benefit cost as of December 31, 2007, are shown below:

	December 31, 2007
Net actuarial gain	$ (17,946)
Prior service credit	(6,031)
	$ (23,977)

Amounts recorded in accumulated other comprehensive income that are expected to be recognized as components of net periodic benefit cost in the year ended December 31, 2008, are shown below:

	December 31, 2007
Amortization of actuarial gain	$ (854)
Amortization of prior service (credit)	(611)
	$ (1,465)

This statement also requires the measurement of defined benefit plan asset and liabilities as of the annual balance sheet date. Currently, the Company measures its plan assets and liabilities using an early measurement date of October 1st for the majority of its plans, as allowed by the original provisions of SFAS No. 87, ''Employers' Accounting for Pensions,'' and SFAS No. 106 ''Employers' Accounting for Postretirement Benefits Other Than Pensions,'' The measurement date provisions of SFAS No. 158 are effective for fiscal years ending after December 15, 2008. The Company will adopt the measurement date provisions of SFAS No. 158 in 2008 using the fifteen month measurement approach, under which the Company will record an adjustment to beginning retained earnings as of January 1, 2008 to recognize the net periodic benefit cost for the period October 1, 2007 through December 31, 2007. This adjustment will represent a pro rata portion of the net periodic benefit cost determined for the period beginning October 1, 2007 and ending December 31, 2008.

In September 2006, the FASB issued SFAS No. 157, ''Fair Value Measurements.'' SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. This statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for the fiscal year beginning after November 15, 2007. The provisions of this statement will generally be applied prospectively in the fiscal year beginning January 1, 2008. Other than the newly acquired disclosures, the Company does not expect the effects of adoption to be significant.

In July 2006, the FASB issued FASB Interpretation (''FIN'') 48, ''Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109.'' This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109,

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''Accounting for Income Taxes.'' It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted this interpretation as of January 1, 2007, and recognized the cumulative impact of adoption of $195 as an increase to its liability for unrecognized tax benefits with a corresponding reduction in the Company's retained earnings balance. See Note 11 Income Taxes for additional discussion of FIN 48.

3. Acquisitions

In the third quarter of 2005, the Company, through its subsidiary Cooper-Standard Automotive Fluid Systems de Mexico, S. de R.L. de C.V., completed the acquisition of the automotive hose manufacturing business of The Gates Corporation located in Atlacomulco, Mexico, for cash consideration of $11,490. This acquisition was accounted for under the purchase method of accounting and the results of operations are included in our consolidated financial statements from the date of acquisition. This acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

In the fourth quarter of 2005, the Company completed the acquisition of a 20 percent equity interest in Guyoung Technology Co. Ltd for cash consideration of approximately $5,700. The Company accounted for its investment in Guyoung under the equity method of accounting. In 2006, the Company increased its equity interest in Guyoung to slightly above 20% for cash consideration of $400. This acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

On February 6, 2006, the Company completed the acquisition of the automotive fluid handling systems business of ITT Industries, Inc. (''FHS''). FHS, based in Auburn Hills, Michigan, was a leading manufacturer of steel and plastic tubing for fuel and brake lines and quick-connects, and operated 15 facilities in seven countries. FHS was acquired for $205,000, subject to an adjustment based on the difference between targeted working capital and working capital at the closing date, which was settled in September 2006. Additionally, the Company incurred direct acquisition costs, principally for investment banking, legal, and other professional services. After adjusting for working capital and additional acquisition costs, the total acquisition value under purchase accounting was $201,638. This acquisition was accounted for under the purchase method of accounting and the results of operations are included in our consolidated financial statements from the date of acquisition.

The acquisition of FHS was funded pursuant to an amendment to the Company's Senior Credit Facilities which established a Term Loan D facility, with a notional amount of $215,000. The Term Loan D facility was structured in two tranches, with $190,000 borrowed in US dollars and €20,725 borrowed in Euros, to take into consideration the value of the European assets acquired in the transaction. The Company incurred approximately $4,800 of issuance costs associated with these borrowings, primarily for loan arrangement and syndication services, which are included in Other Assets on the consolidated balance sheet. The amendment to the Senior Credit Facilities provides for interest on Term Loan D borrowings at a rate equal to an applicable margin plus a base rate established by reference to various market-based rates and amends the interest rate margins previously applicable to Term Loan B and Term Loan C borrowings to mirror those applicable to Term Loan D borrowings, which were market levels at the time the facility closed. The amendment also includes modifications to certain covenants under the Senior Credit Facilities, although the covenant threshold levels remain unchanged.

In November 2006, the Company increased its ownership position in Cooper-Standard Automotive Korea Inc. from 90% to 100 % for $1,516 in cash.

In December 2006, the Company acquired additional ownership interest in Cooper Saiyang Wuhu Automotive Co., Ltd., a joint venture with Saiyang Sealing in Wuhu, China, for $2,200 in cash, increasing its ownership interest from 74.2% to 88.7%.

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On August 31, 2007 the Company completed the acquisition of nine Metzeler Automotive Profile Systems sealing systems operations in Germany, Italy, Poland, Belarus, and Belgium, and a joint venture interest in China (''MAPS'' or the ''MAPS businesses''), from Automotive Sealing Systems S.A. The MAPS businesses were acquired for $143,063 subject to an adjustment based on the difference between targeted working capital and working capital at the closing date. The adjustment is under review by the respective parties and is expected to be settled in the first half of 2008. Additionally, the Company incurred approximately $5,530 of direct acquisition costs, principally for investment banking, legal, and other professional services, for a total acquisition value under purchase accounting of $148,593.

The condensed consolidated financial statements of the Company reflect the acquisition under the purchase method of accounting, in accordance with SFAS No. 141.

The acquisition of the MAPS businesses was funded in part by borrowings under the Company's Credit Agreement, which was amended to provide for such borrowings as discussed in Note 8, Debt. The Company borrowed €44,000 and combined this borrowing with EUR amounts outstanding under Term Loan D to create a new Term Loan E. In addition, the Company borrowed USD $10,000 under the primary Revolving Credit Agreement and €15,000 under the dual-currency sub limit of the Revolver, borrowed directly by Cooper-Standard International Holdings BV. The Company also received an aggregate of $30,000 in equity contributions from its principal shareholders, affiliates of GS Capital Partners 2000, L.P., which contributed a total of $15,000, and affiliates of The Cypress Group L.L.C., which also contributed a total of $15,000. The remainder of the funding necessary for the acquisition came from available cash on hand.

The acquisition of MAPS was accounted for under the purchase method of accounting, in accordance with SFAS No. 141. Accordingly, the assets purchased and liabilities assumed were included in the Company's consolidated balance sheet as of December 31, 2007. The operating results of the MAPS entities were included in the consolidated results of operations from the date of acquisition. The following summarizes the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. This allocation may change materially in the future as additional information becomes available, such as settlement of the working capital adjustment and final third party valuations of certain assets and liabilities.

Cash and cash equivalents	$ 10,237
Accounts receivable, net	118,545
Inventories, net	35,142
Prepaid expenses	7,995
Property, plant, and equipment, net	129,848
Investments	16,531
Other assets	28,869
Total assets acquired	347,167
Accounts payable	66,211
Short-term notes payable	22,039
Payroll liabilities	28,806
Accrued liabilities	10,635
Long-term debt	14,556
Pension benefits	37,839
Other long-term liabilities	18,488
Total liabilities assumed	198,574
Net assets acquired	$ 148,593

Cash and cash equivalents, accounts receivable, other current assets, accounts payable, and other current liabilities were stated at historical carrying values which management believes approximates fair value

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given the short-term nature of these assets and liabilities. Inventories were recorded at fair value which is estimated for finished goods and work-in-process based upon the expected selling price less costs to complete, selling, and disposal costs, and a normal profit to the buyer. Raw material inventory was recorded at carrying value as such value approximates the replacement cost. Tooling in process, which is included in other assets, was recorded at fair value which is based upon expected selling price less costs to complete. The Company’s pension obligations have been recorded in the allocation of purchase price at the projected benefit obligation less plan assets at fair market value, based on computations made by independent actuaries. Deferred income taxes have been provided in the consolidated balance sheet based on the Company’s estimates of the tax versus book basis of the assets acquired and liabilities assumed, adjusted to estimated fair values. Management has estimated the fair value of property, plant, and equipment, intangibles and other long-lived assets based upon financial estimates and projections prepared in conjunction with the transaction. These estimates are subject to change in future periods as the valuations are finalized.

The initial analysis determined that the estimated value assigned to all assets and liabilities assumed exceeded the acquisition price. Accordingly, an adjustment to reduce the value of long-lived assets was recorded in accordance with SFAS No. 141 and no goodwill was recorded related to this transaction as of December 31, 2007.

The following unaudited pro forma financial data summarizes the results of operations for the years ended December 31, 2005, as if the FHS acquisition had occurred as of January 1, 2005, December 31, 2006, as if the FHS and MAPS acquisitions had occurred as of January 1, 2006 and December 31, 2007, as if the MAPS acquisition had occurred as of January 1, 2007, respectively. Pro forma adjustments include the removal of the results of operations of certain facilities retained by ITT Industries, Inc., liquidation of inventory fair value write-up as it had occurred during the reporting periods, depreciation and amortization to reflect the fair value of property, plant, and equipment and identified finite-lived intangible assets, the elimination of the amortization of unrecognized pension benefit losses, additional interest expense to reflect the Company’s new capital structure, and certain corresponding adjustments to income tax expense. These unaudited pro forma amounts are not necessarily indicative of the results that would have been attained if the acquisition had occurred at January 1, 2005, 2006 or 2007 or that may be attained in the future and do not include other effects of the acquisitions.

	2005	2006	2007
Sales	$ 2,244,810	$ 2,578,636	$ 2,807,972
Operating Profit	87,359	80,809	(6,709)
Net income (loss)	4,168	(9,757)	(142,325)

In March of 2007, the Company completed the acquisition of the El Jarudo fuel rail manufacturing business of Automotive Components Holdings, LLC (‘‘El Jarudo’’ or the ‘‘El Jarudo business’’). The business is located in Juarez, Mexico and is a producer of automotive fuel rails. This acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

In December of 2007, the Company completed the acquisition of the 74% joint venture interest of Automotive Sealing Systems, S.A. (ASSSA) in Metzeler Automotive Profiles India Private Limited (‘‘MAP India’’). The remaining 26 percent in the joint venture is owned by Toyoda Gosei Co., Ltd. This acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

4. Restructuring

2005 Initiatives

In 2005, the Company implemented a restructuring strategy and announced the closure of two manufacturing facilities in the United States and the decision to exit certain businesses within and outside

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the U.S. Both of the closures are substantially complete as of December 31, 2007, but the Company will continue to incur costs until the facilities are sold.

During the year ended December 31, 2007, the Company recorded total costs of $5,609 related to the previously announced U.S. closures and workforce reductions in Europe. These costs consisted of severance, asset impairment, and other exit costs of $1,803, $568 and $3,238, respectively. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 3,672	$ 313	$ —	$ 3,985
Expense incurred	1,803	3,238	568	5,609
Cash payments	(4,700)	(3,009)	—	(7,709)
Utilization of reserve	—	—	(568)	(568)
Balance at December 31, 2007	$ 775	$ 542	$ —	$ 1,317

2006 Initiatives

In May 2006, the Company implemented a restructuring action and announced the closure of a manufacturing facility located in Canada and the transfer of related production to other facilities in North America. The closure was essentially complete as of December 31, 2007 at a total cost of $3,818. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 138	$ —	$ —	$ 138
Expense incurred	6	851	—	857
Cash payments	(135)	(851)	—	(986)
Balance at December 31, 2007	$ 9	$ —	$ —	$ 9

European Initiatives

In 2006, the Company implemented a European restructuring initiative, which addressed the operations of our non-strategic facilities. The initiative includes the closure of a manufacturing facility, terminations, and the transfer of production to other facilities in Europe and North America. The initiative is expected to be completed in 2008 at an estimated total cost of approximately $19,400. The Company recorded severance, asset impairment costs and other exit costs of $6,270, $52 and $6,829, respectively, during the year ended December 31, 2007. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 2,534	$ —	$ —	$ 2,534
Expense incurred	6,270	6,829	52	13,151
Cash payments	(7,362)	(6,829)	—	(14,191)
Utilization of reserve	—	—	(52)	(52)
Balance at December 31, 2007	$ 1,442	$ —	$ —	$ 1,442

FHS Acquisition Initiatives

In connection with the acquisition of FHS, the Company formalized a restructuring plan to address the redundant positions created by the consolidation of the businesses. In connection with this restructuring plan, the Company announced the closure of several manufacturing facilities located in North America,

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Europe, and Asia and the transfer of related production to other facilities. The closures are expected to be completed in 2008 at an estimated total cost of approximately $19,000, including costs recorded through purchase accounting. As a result of this initiative, the Company recorded certain severance and other exit costs of $11,833 and $720, respectively, through purchase accounting. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ 9,256	$ 720	$ —	$ 9,976
Expense incurred	295	5,714	—	6,009
Cash payments	(3,101)	(2,224)	—	(5,325)
Balance at December 31, 2007	$ 6,450	$ 4,210	$ —	$ 10,660

2007 Initiatives

In May 2007, the Company implemented a restructuring action and announced the closure of a manufacturing facility located in Mexico and the transfer of related production to other facilities in North America. The closure was substantially complete as of December 31, 2007. The estimated total cost of this closure is expected to be approximately $1,200, but the Company will continue to incur costs until the facility is sold. The following table summarizes the activity for this initiative during the year ended December 31, 2007:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Balance at January 1, 2007	$ —	$ —	$ —	$ —
Expense incurred	478	276	6	760
Cash payments	(422)	(276)	(6)	(704)
Utilization of reserve	—	—	—	—
Balance at December 31, 2007	$ 56	$ —	$ —	$ 56

5. Inventories

Inventories are comprised of the following:

	December 31, 2006	December 31, 2007
Finished goods	$ 35,441	$ 50,679
Work in process	21,271	32,665
Raw materials and supplies	64,153	71,977
	$ 120,865	$ 155,321

In connection with the MAPS acquisition, a $2,455 fair value write-up was recorded to inventory at the date of the acquisition. Such inventory was liquidated as of December 31, 2007 and recorded as an increase to cost of products sold.

In connection with the acquisition of FHS, a $2,136 fair value write-up was recorded to inventory at the date of the acquisition. Such inventory was liquidated as of March 31, 2006 and recorded as an increase to cost of products sold.

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6. Property, Plant, and Equipment

Property, plant, and equipment is comprised of the following:

	December 31, 2006	December 31, 2007	Estimated Useful Lives
Land and improvements	$ 39,419	$ 93,928	
Buildings and improvements	187,182	252,026	15 to 40 years
Machinery and equipment	456,939	631,555	5 to 14 years
Construction in Progress	52,045	60,279	
	735,585	1,037,788	
Accumulated depreciation	(193,049)	(315,415)	
Property, plant and equipment, net	$ 542,536	$ 722,373	

Depreciation expense totaled $83,044 for 2005, $107,408 for 2006, and $104,199 for 2007, respectively.

7. Goodwill and Intangibles

In connection with the acquisition of FHS, the Company has recorded goodwill totaling $52,119 as of December 31, 2007. In addition, the Company recorded goodwill totaling $457 during the year ended December 31, 2007 based on the preliminary allocation of the purchase price in connection with the El Jarudo acquisition. Other changes to goodwill primarily consisted of deferred tax and other purchase accounting adjustments in connection with the acquisition of the automotive segment of Cooper Tire & Rubber Company. The changes in the carrying amount of goodwill for the year ended December 31, 2007 are summarized as follows:

	Body & Chassis	Fluid	Asia Pacific	Total
Balance at January 1, 2007	$ 152,324	$ 281,891	$ 1,421	$ 435,636
Adjustments to the Acquisition of FHS	—	(670)	—	(670)
Acquisition of El Jarudo	—	457	—	457
Impairment charge	—	(142,925)	—	(142,925)
Other	1,512	(3,422)	—	(1,910)
Balance at December 31, 2007	$ 153,836	$ 135,331	$ 1,421	$ 290,588

During the fourth quarter of 2007, the Company recorded an impairment charge of $142,925 in our North America Fluid reporting unit of our Global Fluid segment. This charge was a result of lower production volumes in key North America platforms, changes in the production mix, higher raw material costs and customer price concessions.

In the above table, goodwill of $(1,512) has been reclassified from Fluid to Body & Chassis in the January 1, 2007 balances previously reported.

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The following table presents intangible assets and accumulated amortization balances of the Company as of December 31, 2006 and 2007, respectively:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Amortization Period
Customer contracts	$ 153,905	$ (38,158)	$ 115,747	7 to 9 years
Customer relationships	166,595	(16,384)	150,211	15 to 20 years
Developed technology	17,548	(3,382)	14,166	5 to 12 years
Trademarks and tradenames	3,000	(187)	2,813	12 to 20 years
Other	2,753	(1,151)	1,602	
Balance at December 31, 2006	$ 343,801	$ (59,262)	$ 284,539	
Customer contracts	$ 157,897	$ (59,100)	$ 98,797	7 to 9 years
Customer relationships	171,291	(25,484)	145,807	15 to 20 years
Developed technology	14,466	(4,603)	9,863	5 to 12 years
Trademarks and tradenames	1,700	(199)	1,501	12 to 20 years
Other	2,755	(2,465)	290	
Balance at December 31, 2007	$ 348,109	$ (91,851)	$ 256,258	

During the fourth quarter of 2007 the Company recorded intangible impairment charges of $3,441 related to Fluid Developed technology and Tradenames. Based on a discounted cash flow analysis it was determined that these intangible assets exceeded their fair value and an impairment charge was recorded.

Amortization expense totaled $28,161 for 2005, $31,025 for 2006, and $31,850 for 2007. Estimated amortization expense will total approximately $31,000 over each of the next five years.

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8. Debt

Outstanding debt consisted of the following at December 31, 2006 and 2007:

	December 31, 2006	December 31, 2007
Senior Notes	$ 200,000	$ 200,000
Senior Subordinated Notes	330,500	330,500
Term Loan A	42,238	40,062
Term Loan B	82,738	67,033
Term Loan C	176,300	167,531
Term Loan D	188,100	186,200
Term Loan E	27,083	93,508
Revolving Credit Facility	—	—
Capital leases and other borrowings	8,502	55,327
Total debt	1,055,461	1,140,161
Less: debt payable within one year	(17,414)	(51,999)
Total long-term debt	$ 1,038,047	$ 1,088,162

In connection with the 2004 Acquisition, Cooper-Standard Automotive Inc. issued Senior Notes and Senior Subordinated Notes in a private offering and entered into new Senior Credit Facilities. Cooper-Standard Holdings Inc. has fully and unconditionally guaranteed the Senior Notes and Senior Subordinated Notes. Cooper-Standard Holdings Inc. conducts substantially all of its operations through its subsidiaries and its assets consist primarily of its investment in Cooper-Standard Automotive Inc. In addition to the issuance of the Senior Notes and Senior Subordinated Notes, the Successor assumed certain debt instruments existing at the Acquisition date.

The Senior Notes and Senior Subordinated Notes bear interest at rates of 7.0% and 8.375%, respectively, and mature on December 15, 2012 and 2014, respectively. Interest is payable semi-annually on June 15 and December 15. The Senior Notes are guaranteed on a senior unsecured basis and the Senior Subordinated Notes are guaranteed on a senior subordinated basis, by substantially all existing and future wholly-owned domestic subsidiaries. Prior to December 15, 2008, in the case of the Senior Notes and December 15, 2009, in the case of the Senior Subordinated Notes, the Company has the option to redeem some or all of the notes subject to a formula as defined in the applicable agreements. After December 15, 2008, the Company has the option to redeem some or all of the Senior Notes at premiums that begin at 103.5% and decline each year to face value for redemptions taking place after December 15, 2010. After December 15, 2009, the Company has the option to redeem some or all of the Senior Subordinated Notes at premiums that begin at 104.2% and decline each year to face value for redemptions taking place after December 15, 2012.

In connection with the private offering of the Senior Notes and Senior Subordinated Notes, on May 27, 2005, the Company completed an exchange offer where these notes were exchanged for notes registered under the Securities Act of 1933 pursuant to a registration statement on Form S-4.

During the year ended December 31, 2006, the Company purchased, at a discount, $19,500 of its $350,000 outstanding Senior Subordinated Notes on the open market. The purchase was accounted for as an extinguishment of debt and, accordingly, $4,071 was recognized as a gain on debt extinguishment, after writing off the related unamortized debt issuance costs. The gain is included in other income (expense) in the consolidated statement of operations.

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The Senior Credit Facilities consist of a revolving credit facility and various senior term loan facilities with maturities in 2010 and 2011, including Term Loan B, which is a U.S. dollar-denominated obligation of our Canadian subsidiary. The revolving credit facility provides for borrowings up to $125,000 including the availability of letters of credit, a portion of which is also available in Canadian dollars and bears interest at a rate equal to an applicable margin plus, at the Company's option, either (a) a base rate determined by reference to the higher of (1) the prime rate or (2) the federal funds rate plus 0.5% or (b) LIBOR rate determined by reference to the costs of funds for deposits in the applicable currency for the interest period relevant to such borrowing adjusted for certain additional costs. Interest is generally due quarterly in arrears and is also due upon the expiration of any particular loan. Interest rates under the Senior Credit Facilities averaged 8.14% during 2007. We are also required to pay a commitment fee in respect of the undrawn portion of the revolving commitments at a rate equal to 0.5% per annum and customary letter of credit fees. As of December 31, 2006 and 2007, the Company had $14,813 and $24,102 of standby letters of credit outstanding, leaving $110,187 and $100,898 of availability, respectively.

The term loans amortize quarterly subject to certain formulae contained in the agreements. The Senior Credit Facilities are unconditionally guaranteed on a senior secured basis by the Company and, subject to certain exceptions, substantially all existing and future domestic subsidiaries of the Company and the Company's Canadian subsidiaries in the case of Term Loans A and B and Canadian dollar borrowings under the revolving credit facility. In addition, all obligations under the Senior Credit Facilities and the guarantees of those obligations are secured by substantially all the assets of the Company, subject to certain exceptions.

The Senior Credit Facilities and Senior Notes and Senior Subordinated Notes contain covenants that, among other things, restrict, subject to certain exceptions, the ability to sell assets, incur additional indebtedness, repay other indebtedness (including the Senior Notes and Senior Subordinated Notes), pay certain dividends and distributions or repurchase capital stock, create liens on assets, make investments, loans or advances, make certain acquisitions, engage in mergers or consolidations, enter into sale and leaseback transactions, or engage in certain transactions with affiliates. In addition, the Senior Credit Facilities contain the following financial covenants: a maximum senior secured leverage ratio, and a maximum capital expenditures limitation and require certain prepayments from excess cash flows, as defined and in connection with certain asset sales and the incurrence of debt not permitted under the Senior Credit Facilities for periods commencing December 31, 2008. As of December 31, 2006 and 2007, the Company was in compliance with all of its financial covenants.

The Company along with its joint venture partner, Nishikawa Rubber Company, has provided a guarantee of a portion of the bank loans of its NISCO joint venture. On July 1, 2003, the joint venture entered into an additional bank loan with the joint venture partners each guaranteeing an equal portion of the amount borrowed. Proceeds from the loan were used primarily to make distributions to the joint venture partners. As of December 31, 2006 and 2007, the Company has recorded $14 and $0 of the liability, respectively, related to the guarantee of this debt with a corresponding increase to the carrying value of its investment in the joint venture. The Company's maximum exposure under the two guarantee arrangements at both December 31, 2006 and 2007 was approximately $5,000 and $500, respectively.

The Company uses a global cash management vehicle to pool excess cash from domestic and foreign subsidiaries and present on a net basis as cash on the balance sheets of such subsidiaries. At December 31, 2006 and 2007, the Company's net cash balances under this arrangement were $5,901 and $235, respectively. Other borrowings at December 31, 2006 and 2007 reflect borrowings under capital leases and local bank lines, including $3,230 and

$35,513 of short-term note payable, respectively, classified in debt payable within one year on the consolidated balance sheet.

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On July 26, 2007, the Company entered into the Second Amendment to the Credit Agreement (the ‘‘Amendment’’), among Holdings, the Company, Cooper-Standard Automotive Canada Limited, a corporation organized under the laws of Ontario, Cooper-Standard International Holdings BV, a corporation organized under the laws of the Netherlands, the lenders party thereto, Deutsche Bank Trust Company Americas, as administrative agent, Lehman Commercial Paper Inc., as syndication agent, and Goldman Sachs Credit Partners, L.P., UBS Securities LLC and The Bank of Nova Scotia, as co- documentation agents. The Amendment permits the MAPS acquisition and allows the Company to borrow up to €65,000 through an incremental term loan under the Credit Agreement (as amended) to provide a portion of the funding necessary for the MAPS acquisition and to pay related fees and expenses. The Amendment also expands the dual currency borrowing sub limit under the Revolving Credit Agreement to $35,000 and adds Cooper-Standard International Holdings BV as a permitted borrower under this sub limit. The amendment includes other changes which increase the Company’s financial and operating flexibility, including amended financial covenants, expanded debt and investment baskets, and the ability to include the results of our non-consolidated JVs in the covenant calculations, among other things.

To finance part of the MAPS acquisition the Company borrowed €44,000 under the Amendment discussed above. This borrowing was combined with the Euro tranche of the Term Loan D to create Term Loan E and as of December 31, 2007 had an outstanding balance of €64,091. The Company also borrowed $10,000 under the Primary Revolving Credit Agreement, which was repaid in its entirety by September 30, 2007. In addition the Company borrowed €15,000 under the dual-currency sub limit of the revolver, all of which was repaid in its entirety by December 31, 2007

In connection with the acquisition of MAPS the Company assumed €12,350 of various debt as of the acquisition date. The Company also assumed €14,501 of factored accounts receivable, which we have classified as debt based on the terms of the arrangements. The balance of these liabilities have been included in Capital leases and other borrowings in the table above as of December 31, 2007.

During the year ended December 31, 2007, the Company made voluntary prepayments totaling $15,000 on the Term Loan B facility and $7,000 on the Term Loan C facility.

The maturities of debt at December 31, 2007 are as follows and include the estimated amortization of the term loans:

2008	$ 51,967
2009	38,307
2010	20,782
2011	498,603
2012	200,000
Thereafter	330,502
	$ 1,140,161

Interest paid on third party debt was $63,834, $85,690 and $87,614 for 2005, 2006, and 2007, respectively.

9. Pensions

The Company maintains defined benefit pension plans covering substantially all employees located in the United States. Benefits generally are based on compensation, length of service and age for salaried employees and on length of service for hourly employees. The Company’s policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements. Independent actuaries determine pension costs for each subsidiary of the Company. The Company also sponsors defined benefit pension plans for employees in some of its international locations.

The Company also sponsors defined contribution pension plans for certain salaried and hourly U.S. employees of the Company. Participation is voluntary. The Company matches contributions of

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participants, up to various limits based on its profitability, in substantially all plans. Matching contributions under these plans totaled $2,468 in 2005, $2,151 in 2006, and $3,872 in 2007.

The Company's measurement date for the majority of its plans is October 1st. The following tables disclose information related to the Company's defined benefit pension plans. In conjunction with the acquisition of FHS, MAPS and El Jarudo the Company recorded the unfunded amount of the projected benefit obligations on the Company's balance sheet.

	2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in projected benefit obligation:				
Projected benefit obligations at beginning of period	$ 212,446	$ 74,057	$ 256,945	$ 100,586
Service cost – employer	11,922	4,930	12,029	5,500
Participant contributions	—	37	—	39
Interest cost	13,469	4,383	14,390	5,778
Actuarial (gain) loss	4,838	5,878	(8,651)	(11,910)
Amendments	—	957	—	—
Benefits paid	(13,923)	(4,774)	(19,412)	(6,679)
Foreign currency exchange rate effect	—	4,756	—	13,489
Curtailment/Settlements	—	—	—	(5,209)
Acquisition of FHS	28,582	10,376	—	—
Acquisitions of MAPS & El Jarudo	—	—	—	41,313
Other	(389)	(14)	658	(165)
Projected benefit obligations at end of period	$ 256,945	$ 100,586	$ 255,959	$ 142,742
Change in plans' assets:				
Fair value of plans' assets at beginning of period	$ 157,389	$ 43,148	$ 202,407	$ 48,760
Actual return on plans' assets	15,624	2,918	25,894	4,669
Employer contributions	20,680	5,952	16,117	7,997
Participant contributions	—	37	—	39
Benefits paid	(13,923)	(4,401)	(19,412)	(6,679)
Foreign currency exchange rate effect	—	1,106	—	7,377
Acquisition of FHS	24,208	—	—	—
Other	(1,571)	—	—	155
Fair value of plans' assets at end of period	$ 202,407	$ 48,760	$ 225,006	$ 62,318
Funded status of the plans	$ (54,538)	$ (51,826)	$ (30,954)	$ (80,424)
Unrecognized actuarial loss	20,895	11,571	—	—
Unrecognized prior service cost	1,707	969	—	—
Net amount recognized at December 31	$ (31,936)	$ (39,286)	$ (30,954)	$ (80,424)
Amounts recognized in the balance sheets:				
Accrued liabilities (current)	$ (17,888)	$ (6,004)	$ (260)	$ (5,436)
Pension benefits (long term)	(19,334)	(41,660)	(30,694)	(78,407)
Other assets	1,201	846	—	3,419
Other comprehensive income	4,085	7,532	—	—
Net amount recognized at December 31	$ (31,936)	$ (39,286)	$ (30,954)	$ (80,424)

The accumulated benefit obligation for all domestic and international defined benefit pension plans was $232,126 and $88,550 at December 31, 2006 and $232,773 and $137,127 at December 31, 2007, respectively.

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The projected benefit obligation and accumulated benefit obligation of each of our plans exceed the fair value of the respective plan assets at December 31, 2006. As of December 31, 2007, the fair value of plan assets for two of the Company's defined benefit plans exceeded the projected benefit obligation of $46,882 by $3,419.

During 2007, the Company froze the defined benefits for two international plans which resulted in a curtailment gain that reduced the projected benefit obligation and net periodic benefit cost for 2007.

Weighted average assumptions used to determine benefit obligations at December 31:

	2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	5.8 %	4.3% to 6.5%	6.3 %	5.2% to 8.0%
Rate of compensation increase	3.3 %	2.6% to 5.0%	3.3 %	2.5% to 5.0%

The following table provides the components of net pension expense for the plans:

	2005		2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 8,599	$ 3,265	$ 11,922	$ 4,930	$ 12,030	$ 5,500
Interest cost	11,307	3,696	13,469	4,383	14,390	5,778
Expected return on plan assets	(12,635)	(3,369)	(15,951)	(3,540)	(16,940)	(3,712)
Amortization of prior service cost and recognized actuarial loss	—	—	282	221	240	503
Curtailment gain	—	—	—	—	—	(5,231)
Other	—	—	60	136	—	—
Net periodic benefit cost	$ 7,271	$ 3,592	$ 9,782	$ 6,130	$ 9,720	$ 2,838

Weighted-average assumptions used to determine net periodic benefit costs for the years ended December 31 were:

	2005		2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	6.0%	4.4% to 6.5%	5.8%	3.9% to 6.5%	5.8%	4.3% to 6.5%
Expected return on plan assets	9.0%	8.8% to 9.0%	8.5% to 8.8%	7.5% to 8.0%	8.5%	7.5% to 8.0%
Rate of compensation increase	3.3%	2.5% to 7.5%	3.3%	2.5% to 7.5%	3.3%	2.5% to 5.0%

To develop the expected return on assets assumption, the Company considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

The weighted average asset allocations for the Company's pension plans at December 31, 2006 and 2007 by asset category are approximately as follows:

	2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity securities	58 %	65 %	59 %	67 %
Debt				

securities 35 % 35 % 33 % 32 % Real Estate 7 % 0 % 8 % 0 % Cash and cash equivalents 0 % 0 % 0 % 1 % 100 % 100 % 100 % 100 %

Equity security investments are structured to achieve an equal balance between growth and value stocks. The Company determines the annual rate of return on pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio. This computed rate of return

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is reviewed by the Company's investment advisors and actuaries. Industry comparables and other outside guidance is also considered in the annual selection of the expected rates of return on pension assets.

The Company estimates its benefit payments for its domestic and foreign pension plans during the next ten years to be as follows:

	U.S	Non-U.S	Total
2008	16,385	8,374	24,759
2009	14,281	7,666	21,947
2010	14,969	7,925	22,894
2011	15,657	8,086	23,743
2012	16,836	8,237	25,073
2013 – 2017	105,167	48,055	153,222

The Company estimates it will make cash contributions of approximately $33,000 to its pension plans in 2008.

10. Postretirement Benefits Other Than Pensions

The Company provides certain retiree health care and life insurance benefits covering substantially all U.S. salaried and certain hourly employees and employees in Canada. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. Independent actuaries determine postretirement benefit costs for each applicable subsidiary of the Company. The Company's policy is to fund the cost of these postretirement benefits as these benefits become payable.

The Company's measurement date for the majority of its plans is October 1st. The following tables disclose information related to the Company's postretirement benefit plans.

	2006		2007	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in benefit obligation:				
Benefit obligations at beginning of year	$ 85,762	$ 10,533	$ 92,105	$ 11,666
Service cost	2,885	553	1,855	654
Interest cost	4,944	594	4,206	695
Actuarial loss (gain)	2,314	192	(19,897)	(628)
Benefits paid	(2,040)	(226)	(1,133)	(286)
Administrative expenses paid	(152)	—	(220)	—
Curtailment gain	(1,608)	—	(1,243)	—
Plan change	—	—	(8,886)	—
Foreign currency exchange rate effect	—	20	—	1,983
Benefit obligation at end of year	$ 92,105	$ 11,666	$ 66,787	$ 14,084
Funded status of the plans	$ (92,105)	$ (11,666)	$ (66,787)	$ (14,084)
Contributions between October 1 and December 31	516	58	505	106
Immediate recognition of benefit cost	(932)	—	—	—
Unrecognized actuarial loss (gain)	189	830	—	—
Unrecognized prior service cost	(826)	—	—	—
Net amount recognized at December 31	$ (93,158)	$ (10,778)	$ (66,282)	$ (13,978)

During 2007 plan changes were made to two of the plans. These changes resulted in a decrease of $8,886 in the projected benefit obligation at December 31, 2007.

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During 2007 the Company experienced an actuarial gain of $19,897, which primarily was the result of changes in participant census data and a change in the discount rate.

The following table provides the components of net periodic expense for the plans:

	2005	2006	2007
Service cost	$ 3,083	$3,438	$ 2,509
Interest cost	5,593	5,538	4,901
Amortization of prior service cost and recognized actuarial loss	—	(88)	(908)
Net periodic benefit cost	$ 8,676	$ 8,888	$ 6,502

The weighted average assumed discount rate used to determine domestic benefit obligations was 5.8% and 6.3% at December 31, 2006 and 2007, respectively. The weighted-average assumed discount rate used to determine domestic net periodic expense was 6.0%, 5.8%, and 5.8% for 2005, 2006, and 2007, respectively.

At December 31, 2007, the weighted average assumed annual rate of increase in the cost of health care benefits (health care cost trend rate) was 10.0% for 2008 grading down over time to 5.0% in 2014. A one-percentage point change in the assumed health care cost trend rate would have had the following effects:

	Increase	Decrease
Effect on service and interest cost components	$ 430	$ (338)
Effect on projected benefit obligations	3,680	(2,980)

The Company estimates its benefit payments for its postretirement benefit plans during the next ten years to be as follows:

	U.S.	Non-U.S.	Total
2008	$ 3,322	$ 434	$ 3,756
2009	3,505	466	3,971
2010	3,681	511	4,192
2011	3,888	543	4,431
2012	4,038	598	4,636
2013 – 2017	23,126	4,320	27,446

11. Income Taxes

Components of the Company’s income (loss) before income taxes are as follows:

Year Ended December 31, 2005 | Year Ended December 31, 2006 | Year Ended

December 31,
2007 Domestic $ (54,791) $ (78,987) $ (182,579) Foreign 65,982 63,323 64,532 $ 11,191
$ (15,664) $ (118,047)
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The Company's provision (benefit) for income taxes consists of the following:

	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Current			
Federal	$ —	$ —	$ 5,047
State	—	—	212
Foreign	24,060	25,269	28,983
Deferred			
Federal	(22,356)	(25,359)	—
State	(1,350)	(3,013)	(954)
Foreign	2,023	(4,141)	(342)
	$ 2,377	$ (7,244)	$ 32,946

The following schedule reconciles the United States statutory federal rate to the income tax provision:

	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Tax at U.S. statutory rate	$ 3,917	$ (5,482)	$ (41,316)
State and local taxes	(1,702)	(3,013)	(4,732)
Tax credits	(5,950)	(7,571)	(9,675)
Extraterritorial income exclusion	(805)	(646)	—
Goodwill Impairment	—	—	50,024
Worthless security deduction	—	—	(23,947)
Effect of tax rate changes	—	—	4,891
Foreign withholding taxes	—	—	5,176
Effect of foreign tax rates	(2,819)	(3,056)	(4,130)
Valuation allowance	6,475	10,290	51,788
Other, net	3,261	2,234	4,867
Income tax provision	$ 2,377	$ (7,244)	$ 32,946
Effective income tax rate	21.2 %	46.2 %	(27.9)%

Payment for income taxes net of refunds in 2005, 2006, and 2007 was $17,234, $34,164, and $20,622 respectively.

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Deferred tax assets and liabilities reflect the estimated tax effect of accumulated temporary differences between the basis of assets and liabilities for tax and financial reporting purposes, as well as net operating losses, tax credit and other carryforwards. Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows:

	2006	2007
Deferred tax assets:		
Postretirement and other benefits	$ 66,240	$ 55,501
Capitalized Expenditures	17,100	14,521
Net operating loss and tax credit carryforwards	82,107	161,559
All other items	28,916	31,340
Total deferred tax assets	194,363	262,921
Deferred tax liabilities:		
Property, plant and equipment	(9,412)	(23,311)
Intangibles	(99,487)	(92,250)
All other items	(12,534)	(5,067)
Total deferred tax liabilities	(121,433)	(120,628)
Valuation allowances	(80,748)	(128,816)
Net deferred tax assets (liabilities)	$ (7,818)	$ 13,477

The net deferred taxes in the consolidated balance sheet are as follows:

	2006	2007
Current Assets	$ 10,071	$ 5,150
Non-Current Assets	17,058	41,505
Current Liabilities	(939)	(4,847)
Non-Current Liabilities	(34,008)	(28,331)
	$ (7,818)	$ 13,477

At December 31, 2007, the U.S. has an operating loss carryforward of $52,300 with an expiration date of 2027. The Company's foreign subsidiaries, primarily in the United Kingdom, France, Brazil, Germany, and Australia, have operating loss carryforwards aggregating $127,000 with indefinite expiration periods while Spain has an operating loss carryforward of $12,200 with expiration dates beginning in 2010. Other foreign subsidiaries in Czech Republic, China, Mexico, Poland, and Korea have operating losses aggregating $15,000, with expiration dates beginning in 2008. The Company's Polish subsidiaries have special economic zone credits totaling $32,294. The U.S. foreign tax credit and research tax credit carryforwards are $24,900 and $17,600 respectively, with expiration dates beginning in 2011 and 2025. The Company and its domestic subsidiaries have anticipated tax benefits of state net operating losses and credit carryforwards of $18,100 with expiration dates beginning in 2008.

During the 4th quarter of 2006, due to our recent operating performance in the United States and current industry conditions, we assessed, based upon all available evidence, and concluded that it was more likely than not that we would not realize our U.S. deferred tax assets. As a result, in the fourth quarter of 2006, we recorded a $300 full valuation allowance on our net U.S. deferred tax asset. During 2007 we continued to incur losses in the United States for which no tax benefit was recorded. During 2007, our U.S. valuation allowance increased by $35,900, primarily related to permanent tax benefits for certain tax positions and operating losses incurred in the United States during 2007. Going forward, the need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will cause variability in the

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Company's effective tax rate. The Company will maintain a full valuation allowance against our deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to eliminate them.

At December 31, 2007, the Company has valuation allowances of $61,400 recorded on purchased deferred tax assets and, to the extent such benefits are ever realized, such benefits will be recorded as a reduction of goodwill through December 31, 2008. Effective January 1, 2009, with the adoption of SFAS No. 141(R) the benefit of the reversal of the valuation allowances on pre-acquisition contingencies will be included as a component of income tax expense. As of December 31, 2007 the Company has valuation allowances totaling $128,800 recorded against its deferred tax assets.

Deferred income taxes have not been provided on approximately $427,000 of undistributed earnings of foreign subsidiaries as such amounts are considered permanently reinvested. It is not practical to estimate any additional income taxes and applicable withholding taxes that would be payable on remittance of such undistributed earnings.

Under the terms of the Stock Purchase Agreement with Cooper Tire, the Company is indemnified against substantially all contingent income tax liabilities related to periods prior to the 2004 Acquisition.

New Accounting pronouncement

The Company adopted FASB Interpretation No. 48, ''Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109'' (''FIN 48'') as of January 1, 2007. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, ''Accounting for Income Taxes.'' FIN 48 only allows the recognition of tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing FIN 48, the Company recognized a $195 increase in the reserve for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 retained earnings (deficit) balance.

Including the cumulative effect increase, as of January 1, 2007, the Company has $4,021 ($4,201 including interest and penalties) of total unrecognized tax benefits. Of this total, $1,400 represents the amount of unrecognized tax benefits that, if recognized, would effect the effective income tax rate. At December 31, 2007, the Company has $3,930 ($4,273 including interest and penalties) of total unrecognized tax benefits. Of this total, $1,339 represents the amount of unrecognized tax benefits that, if recognized, would effect the effective income tax rate. The total unrecognized tax benefits differ from the amount which would effect the effective tax rate due to the impact of valuation allowances and the impact of Cooper Tire indemnifying substantially all income tax liabilities resulting from periods prior to the 2004 Acquisition.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31, 2007
Balance as of January 1, 2007	$ 4,021
Tax Positions related to the current period	
Gross Additions	568
Gross Reductions	—
Tax Positions related to prior years	
Gross Additions	167
Gross Reductions	—
Settlements	(362)
Lapses on Statutes of Limitations	(464)
Balance as of December 31, 2007	$ 3,930

The Company, or one its subsidiaries, files income tax returns in the United States and other foreign jurisdictions. Under the terms of the Stock Purchase Agreement with Cooper Tire, the Company is indemnified against substantially all income tax liabilities related to periods prior to the 2004 Acquisition. Subsequently, in the United States, all Internal Revenue Service examinations prior to the 2004 Acquisition are the responsibility of Cooper Tire, therefore the Company is not subject to U.S. federal, state, or local tax examinations for years ending December 23, 2004 and prior. The Company's foreign subsidiaries are legally required to comply with the statute of limitations in each jurisdiction; however the Company is indemnified against substantially all income tax liabilities that may result from periods prior to the 2004 Acquisition. The Company's major foreign jurisdictions are Brazil, Canada, France, Germany, Mexico, and U.K. The Company is no longer subject to income tax examinations in major foreign jurisdictions for years prior to 2000.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

The Company classifies all tax related interest and penalties as income tax expense. As of January 1, 2007, the Company recorded $180 in liabilities for tax related interest and penalties on its Consolidated Balance Sheet. At December 31, 2007, the Company has recorded $343 in liabilities for tax related interest and penalties on its Consolidated Balance Sheet.

12. Lease Commitments

The Company rents certain manufacturing facilities and equipment under long-term leases expiring at various dates. Rental expense for operating leases was $15,060, $19,835, and $22,303 for 2005, 2006, and 2007.

Future minimum payments for all non-cancelable operating leases are as follows:

2008	$ 19,399
2009	13,527
2010	11,067
2011	7,768
2012	6,363
Thereafter	15,858

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

13. Accumulated Other Comprehensive Income (Loss)

Cumulative other comprehensive income in the accompanying balance sheets consists of:

	2005	2006	2007
Cumulative currency translation adjustment	$ (11,004)	$ 14,259	$ 57,505
Benefit plan liability	(7,381)	(11,617)	23,977
Tax effect	2,836	3,870	916
Net	(4,545)	(7,747)	24,893
Fair value change of derivatives		(8,781)	(16,748)
Tax effect		3,319	3,338
Net		(5,462)	(13,410)
	$ (15,549)	$ 1,050	$ 68,988

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

14. Contingent Liabilities

Employment Contracts

The Company has employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives, and continuation of benefits upon the occurrence of specified events in a manner that is believed to be consistent with comparable companies.

Unconditional Purchase Orders

Noncancellable purchase order commitments for capital expenditures made in the ordinary course of business were $17,356 and $27,438 at December 31, 2006 and 2007, respectively.

Legal and Other Claims

The Company is periodically involved in claims, litigation, and various legal matters that arise in the ordinary course of business. In addition, the Company conducts and monitors environmental investigations and remedial actions at certain locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably with respect to the Company. A reserve estimate is established for each matter and updated as additional information becomes available. Based on the information currently known to us, we do not believe that the ultimate resolution of any of these matters will have a material adverse effect on our financial condition, results of operations, or cash flows.

15. Other Income (Expense)

The components of Other Income (Expense) for the years 2005, 2006, and 2007 are as follows:

	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Foreign currency gains (losses)	$ (98)	$ 3,771	$ (454)
Minority interest	(1,153)	(858)	(587)
Net gains on repurchase of debt	—	4,071	—
Gains (losses) on fixed assets disposals	(30)	1	(14)
	$ (1,281)	$ 6,985	$ (1,055)

16. Related Party Transactions

Sales to NISCO, a 50 percent owned joint venture, totaled $21,764, $32,140, and $25,545, in 2005, 2006, and 2007, respectively. In 2006, the Company received from NISCO a dividend of $10,000, consisting of $2,254 related to earnings during the Successor period and a $7,746 return of capital.

Purchases of materials from Guyoung Technology Co. Ltd, a 20% owned joint venture, totaled $4,181 and $5,041 in 2006 and 2007, respectively.

In connection with the 2004 Acquisition, the Company paid its two principal stockholders and their respective affiliates transaction advisory fees totaling $12,000 and $8,000. Such payments were made in January 2005. Additionally, affiliates of one of the primary stockholders participate as lenders to the Company and received fees totaling approximately $5,200 as part of the Acquisition financing.

In connection with the acquisition of FHS, the Company paid $1,000 of transaction advisory fees to each of its two principal stockholders in February 2006.

In connection with the MAPS acquisition, the Company received $15,000 of capital contributions from each of its two Sponsors and their respective affiliates in August 2007. The Company also paid $625 of transaction advisory fees to each of its two Sponsors in September 2007.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

17. Capital Stock and Stock Options

In 2004, the Company was formed and was capitalized in conjunction with the 2004 Acquisition via the sale of 3,180,000 shares of common stock for $318,000 to affiliates of The Cypress Group L.L.C. and GS Capital Partners 2000, L.P., whom we refer to as our ''Sponsors''. Pursuant to subscription agreements entered into as of August 27, 2007, the Company issued a total of 250,000 additional shares of common stock to its Sponsors for $30,000 which was invested by the Sponsors in connection with the financing of the Company's August 2007 acquisition of certain Metzeler Automotive Profile Systems sealing operations. Following the 2004 Acquisition and through December 31, 2007, five members of the Board of Directors and certain members of senior management purchased $4,910 of common stock. The Company repurchased $300 of common stock during 2005 from one such member of senior management whose employment with the Company terminated in 2005 and another $450 of common stock during 2007 from another such member of senior management whose employment with the Company terminated in 2006.

Effective as of the closing of the 2004 Acquisition, the Company established the 2004 Cooper-Standard Holdings Inc. Stock Incentive Plan, which permits the granting of nonqualified and incentive stock options, stock appreciation rights, restricted stock, and other stock-based awards to employees and directors. As of December 31, 2006 and 2007, the Company had 228,615 and 423,615 shares of common stock, respectively, reserved for issuance under the plan, including outstanding options granted to certain employees and directors to purchase 206,042 and 212,615 shares of common stock, respectively, at a price of $100 per share, which was determined by the Company to be fair market value. These options have a ten-year life. Of the options outstanding as of December 31, 2006 and 2007, options covering 206,042 and 183,128 shares of common stock, respectively, were granted upon the closing of the 2004 Acquisition or in the first year thereafter. These options were issued prior to the effective date of SFAS No. 123(R) and therefore are accounted in accordance with APB No. 25 and no stock compensation is required to be recognized. Of the 183,128 options outstanding at December 31, 2007, 101,885 options are vested with a weighted average remaining contractual term of 7 years. Options covering 4,025 and 25,462 shares of common stock, respectively, were granted in 2006 and 2007. These shares were granted after the effective date of SFAS No. 123(R) and therefore stock compensation expense totaling $561 has been recognized in 2007 for these options. As of December 31, 2007, 29,487 options were outstanding and 4,264 options were exercisable. The weighted average grant date fair value of the options granted in 2006 and 2007 were $46.22 and $46.02, respectively. The weighted average remaining contractual term for these options is 9.2 years.

One-half of the options granted to employees in the initial one-year period vest on a performance basis, 20% per year over five years; the remaining one-half vest on a performance basis, 20% per year that Company performance targets are reached for five years or 100% after eight years, with certain acceleration provisions. The same principles apply in the case of the options granted in 2006 and 2007, except that only the last three years of the five-year period applicable to options granted in the initial period are taken into account, and vesting occurs in increments of 33% rather than 20%. Options granted to employees covering 69,059 and 105,149 shares were vested as of December 31, 2006 and 2007, respectively. All of the options granted to directors vest on a time basis, 20% per year over five years. Options granted to directors covering an aggregate of 600 and 1,000 shares were vested as of December 31, 2006 and 2007, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

The Company uses expected volatility of similar entities to develop the expected volatility. The expected option life was calculated using the simplified method as described in Staff Accounting Bulletin No. 107. The risk free rate is based on U.S. Treasury zero-coupon issues with a term equal to the expected option life, on the date the stock options were granted. Fair value for the shares that are accounted for under SFAS No. 123(R) was estimated at the date of the grant using the Black-Scholes option pricing model using the following weighted average assumptions:

	2006	2007
Expected volatility	40.00 %	40.00 %
Dividend yield	0.00 %	0.00 %
Expected option life	6.0 years	6.0 years
Risk-free rate	4.61 %	4.50 %

The Company also maintains a nonqualified Deferred Compensation Plan which allows eligible executives and directors to defer base pay, bonus payments and long-term incentive pay and have it allocated on a pre-tax basis to various investment alternatives and ultimately distributed to the executive at a designated time in the future. In December 2006, a new plan feature referred to as the ‘‘Management Stock Purchase Plan’’ was established which provides participants the opportunity to ‘‘purchase’’ Company stock units with income deferred under the deferred compensation plan at a price based on the fair value of Company common stock determined on a semi-annual basis by the Compensation Committee of the Company’s Board of Directors. Purchased stock units are matched by the Company at year-end on a one-for-one basis, subject to plan provisions which allow for an annual cap on the aggregate number of matching stock units, which the Compensation Committee may apply in its discretion. On December 31, 2007, approximately 49,072 Company stock units were outstanding under this plan, subject to certain adjustments based on net actual incentive payments. Approximately 24,395 of these stock units are matching stock units that will vest over the next three years. In accordance with SFAS No. 123(R), for units granted to retirement eligible employees, compensation expense must be recognized immediately. Compensation expense related to Company stock units equaled $988 in 2007.

18. Business Segments

During 2007, the Company revised its segment disclosures from two reportable segments to three reportable segments and has revised the prior periods to conform to the current period presentation. Due to this segment revision, the Company has also revised the previously reported amounts in Note 7 – Goodwill and Intangibles to conform to the new segment presentation.

The Company operates in two primary businesses, Body & Chassis products and Fluid products. Body & Chassis products consist mainly of body sealing products and components that protect vehicle interiors from weather, dust, and noise intrusion and systems and components that control and isolate noise vibration in a vehicle to improve ride and handling. Fluid products consist primarily of subsystems and components that direct, control, measure, and transport fluids and vapors throughout a vehicle. The Asia Pacific segment consists of both Body & Chassis and Fluid products in that region with the exception of the joint venture with Shanghai SAIC which was purchased as part of the MAPS acquisition, and the MAP India joint venture. These joint ventures are included in the Body & Chassis segment which is in line with the internal management structure.

SFAS No. 131, ‘‘Disclosures about Segments of an Enterprise and Related Information,’’ (SFAS 131) establishes the standards for reporting information about operating segments in financial statements. In applying the criteria set forth in SFAS 131, the Company has determined that it operates in three segments.

The accounting policies of the Company's business segments are consistent with those described in Note 2. The Company evaluates segment performance based on segment profit before tax. The results of each

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

segment include certain allocations for general, administrative, interest, and other shared costs. However, certain shared costs are not allocated to the segments and are included below in Eliminations and other. Intersegment sales are conducted at market prices. Segment assets are calculated based on a moving average over several quarters and exclude corporate assets, goodwill, intangible assets, deferred taxes, and certain other assets.

For the Year Ended	2005	2006	2007
Sales to external customers			
Body & Chassis	$ 1,144,024	$ 1,100,390	$ 1,317,621
Fluid	588,820	971,122	1,096,944
Asia Pacific	94,596	92,750	96,588
Consolidated	$ 1,827,440	$ 2,164,262	$ 2,511,153
Intersegment sales			
Body & Chassis	$ 21,136	$ 20,162	$ 21,867
Fluid	1,319	3,149	4,142
Asia Pacific	924	1,396	7,768
Eliminations and other	(23,379)	(24,707)	(33,777)
Consolidated	$ —	$ —	$ —
Segment profit (loss)			
Body & Chassis	$ (7,598)	$ (26,108)	$ 33,993
Fluid	22,154	19,173	(137,913)
Asia Pacific	(3,365)	(8,729)	(14,127)
Income (loss) before income taxes	$ 11,191	$ (15,664)	$ (118,047)
Depreciation and amortization expense			
Body & Chassis	$ 66,864	$ 68,562	$ 62,176
Fluid	37,197	60,611	64,500
Asia Pacific	4,447	4,741	5,729
Eliminations and other	2,697	4,519	3,644
Consolidated	$ 111,205	$ 138,433	$ 136,049
Capital expenditures			
Body & Chassis	$ 30,363	$ 36,506	$ 55,614
Fluid	13,259	32,403	39,222
Asia Pacific	5,015	11,102	9,165
Eliminations and other	5,844	2,863	3,254
Consolidated	$ 54,481	$ 82,874	$ 107,255
Segment assets			
Body & Chassis		$ 818,540	$ 1,215,832
Fluid		954,879	811,715
Asia Pacific		74,674	89,568
Eliminations and other		63,340	45,140
Consolidated		$ 1,911,433	$ 2,162,255

Net interest expense included in segment profit for Body & Chassis totaled $43,705, $43,503 and $43,831 for the years ended December 31, 2005, 2006 and 2007, respectively, Fluid totaled $19,754, $40,447 and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

$41,971 for the years ended December 31, 2005, 2006 and 2007, respectively, Asia Pacific totaled $3,124, $3,197 and $3,775 for the years ended December 31, 2005, 2006 and 2007, respectively.

Restructuring costs included in segment profit for Body & Chassis totaled $2,710, $19,454 and $17,553 for the years ended December 31, 2005, 2006 and 2007, respectively, Fluid totaled $2, $4,450 and $8,771 for the years ended December 31, 2005, 2006 and 2007, respectively, Asia Pacific totaled $326, $1, and $62 for the years ended December 31, 2005, 2006 and 2007, respectively.

Geographic information for revenues, based on country of origin, and long-lived assets is as follows:

		2005	2006	2007
Revenues	United States	$ 774,517	$ 806,630	$ 857,051
	Canada	339,689	392,329	380,793
	Mexico	133,184	258,117	288,614
	Germany	90,129	210,796	324,305
	Other	489,921	496,390	660,390
	Consolidated	$ 1,827,440	$ 2,164,262	$ 2,511,153
Tangible long-lived assets	United States		$ 211,164	$ 178,797
	Canada		71,042	80,056
	Mexico		56,762	60,330
	Germany		41,513	125,766
	Other		162,055	277,424
	Consolidated		$ 542,536	$ 722,373

Net sales to customers of the Company which contributed ten percent or more of its total consolidated net sales and the related percentage of consolidated Company sales for 2005, 2006, and 2007 are as follows:

Customer	2005 Percentage of Combined Net Sales	2006 Percentage of Combined Net Sales	2007 Percentage of Combined Net Sales
Ford	33 %	29 %	27 %
General Motors	23 %	25 %	20 %
DaimlerChrysler(1)	12 %	10 %	8 %

(1) 2007 sales are for Chrysler, which was divested by Daimler in 2007.

19. Fair Value of Financial Instruments

Fair values of the Senior and Senior Subordinated Notes approximated $441,100 and $443,400 at December 31, 2006 and 2007, based on quoted market prices, compared to the recorded values totaling $530,500 and $530,500, respectively.

Interest Rate Swaps – During 2006, the Company entered into interest rate swap contracts to manage cash flow fluctuations of variable rate debt due to changes in market interest rates. Interest rate swap contracts which fix the interest payments of certain variable rate debt instruments or fix the market rate component of anticipated fixed rate debt instruments are accounted for as cash flow hedges.

The Company formally documents its hedge relationships, including the identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

the cash flow hedges. The Company also formally assesses whether a cash flow hedge is highly effective in offsetting changes in the cash flows of the hedged item. The changes in the cash flows of the interest rate swap contracts are expected to exactly offset the changes in cash flows attributed to the fluctuations in the variable rate debt.

As of December 31, 2007, interest rate swap contracts representing $270,278 of notional amount were outstanding with maturity dates of December, 2010 through December, 2011. These contracts modify the variable rate characteristics of the Company's variable rate debt instruments, which are generally set at three-month USD LIBOR rates or Canadian Dollar Bankers Acceptance Rates. Of the above amount, $244,986 of notional amount pertains to the swap of USD denominated debt fixed at 5.764% and $25,293 pertains to Canadian dollar denominated debt fixed at 4.91%. The fair market value of all outstanding interest rate swap contracts is subject to changes in value due to changes in interest rates. As of December 31, 2007, the fair market value of $(16,297) of these swaps were recorded in other long-term liabilities and the same amount of net losses were recorded in accumulated other comprehensive income (loss). During 2007 losses of $1,199 were reclassified from accumulated other comprehensive income (loss) into earnings. The Company expects approximately $3,792 of losses to be reclassified in 2008.

As part of the MAPS acquisition the Company acquired an interest rate swap contract that was previously entered into to manage the cash flow fluctuations of variable rate debt. This contract modifies the variable rate characteristics of its variable rate debt instrument, which is set at six-month Euribor rates. As of December 31, 2007 the contract had a notional amount of €9,990 outstanding at a fixed rate of 4.14% with a maturity date of September 2013. As of December 31, 2007 the interest rate swap had a market value of $169.

Forward foreign exchange contracts – The Company uses forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on Term Loan B, a U.S. dollar denominated obligation of our Canadian subsidiary, portion of our Euro Term Loan E, and short-term foreign currency denominated intercompany transactions. Gains and losses on the derivative instruments are intended to offset gains and losses on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuations in foreign exchange rates. The currencies hedged by these arrangements are the Canadian Dollar, Euro and Brazilian Real. Losses of $7,863 related to these contracts were recorded in other expense during the year ended December 31, 2007.

The Company also uses forward foreign exchange contracts to hedge the Mexican peso to reduce the effect of fluctuations in foreign exchange rates on a portion of the forecasted operating expenses of our Mexican facilities. These contracts are designated as cash flow hedges. As of December 31, 2007, forward foreign exchange contracts representing $5,545 of notional amount were outstanding with maturities of less than twelve months and the fair market value of these contracts was approximately $136. A 10% strengthening of the U.S. dollar relative to the Mexican peso would result in a decrease of $506 in the fair market value of these contracts. A 10% weakening of the U.S. dollar relative to the Mexican peso would result in a increase of $618 in the fair market value of these contracts.

The Company also uses forward foreign exchange contracts to hedge the Canadian dollar to reduce the effect of fluctuations in foreign exchange rates on a portion of the forecasted material purchases of our Canadian facilities. As of December 31, 2007, forward foreign exchange contracts representing $9,900 of notional amount were outstanding with maturities of less than twelve months and the fair market value of these contracts was approximately $(130). A 10% strengthening of the U.S. dollar relative to the Canadian dollar would result in an increase of $973 million in the fair market value of these contracts. A 10% weakening of the U.S. dollar relative to the Canadian dollar would result in a decrease of $973 million in the fair market value of these contracts.

During 2007 gains of $421 related to the Mexican and Canadian forward foreign exchange contracts were reclassified from accumulated other comprehensive income (loss) into earnings. The amount to be reclassified in 2008 is not expected to be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share amounts)

Commodity price hedges – The Company has exposure to the prices of commodities in the procurement of certain raw materials. The primary purpose of the Company's commodity price hedging activities is to manage the volatility associated with these forecasted purchases. The Company primarily utilizes forward contracts with maturities of less than 24 months, which qualify as cash flow hedges. These instruments are intended to offset the effect of changes in commodity prices on forecasted purchases. As of December 31, 2007, commodity contracts representing $6,027 of notional amount were outstanding with a fair market value of approximately $(544). A 10% change in the underlying commodity prices would result in a $533 change in the fair market values of these contracts. During 2007 losses of $161 were reclassified from accumulated other comprehensive income (loss) into earnings. The Company expects approximately $544 of losses to be reclassified in 2008.

20. Selected Quarterly Information (Unaudited)

2006	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	$ 540,371	$ 592,479	$ 505,459	$ 525,953
Gross profit	86,695	101,119	62,522	81,899
Net income (loss)	5,482	20,067	(27,006)	(6,963)

2007	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	$ 576,261	$ 623,998	$ 602,570	$ 708,324
Gross profit	93,477	106,808	83,459	113,370
Net income (loss)	4,674	9,686	(12,790)	(152,563)

21. Sale Leaseback Transaction

During the quarter ended June 30, 2007 the Company sold a manufacturing facility to an independent third party. Gross proceeds from this sale were $4,806. Concurrent with this sale, the Company entered into an agreement to lease the facility back from the purchaser over a lease term of 10 years. This lease will be accounted for as an operating lease. A gain of $723 was deferred and is being amortized over the lease term.

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22. Guarantor and Non-Guarantor Subsidiaries

In connection with the 2004 Acquisition, Cooper-Standard Automotive Inc. (the ‘‘Issuer’’), a wholly-owned subsidiary, issued the Senior Notes and Senior Subordinated Notes with a total principal amount of $550,000. Cooper-Standard Holdings Inc. (the ‘‘Parent’’) and all wholly-owned domestic subsidiaries of Cooper-Standard Automotive Inc. (the ‘‘Guarantors’’) unconditionally guaranteed the Notes. The following condensed consolidating and combining financial data provides information regarding the financial position, results of operations, and cash flows of the Guarantors. Separate financial statements of the Guarantors are not presented because management has determined that those would not be material to the holders of the Notes. The Guarantors account for their investments in the non-guarantor subsidiaries on the equity method. The principal elimination entries are to eliminate the investments in subsidiaries and intercompany balances and transactions (dollars in millions). Cash flows from operating activities for the Non-Guarantors for the year ended December 31, 2006, have been adjusted upwards by approximately $24,000, which does not affect the consolidated total.

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CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Totals Sales	$ —	$ 577.1	$ 326.4	$ 990.9	$ (67.0)	$ 1,827.4
Cost of products sold	—	525.0	261.5	830.8	(67.0)	1,550.3
Selling, administration, & engineering expenses	—	104.4	19.6	45.7	—	169.7
Amortization of intangibles		27.9	0.2			28.1
Restructuring	—	1.7	—	1.3	—	3.0
Operating profit (loss)	—	(81.9)	45.1	113.1	—	76.3
Interest expense, net of interest income	—	(56.1)	—	(10.5)	—	(66.6)
Equity earnings	—	(0.1)	2.9	—	—	2.8
Other income (expense)	—	31.6	—	(32.9)	—	(1.3)
Income (loss) before income taxes	—	(106.5)	48.0	69.7	—	11.2
Provision for income tax expense (benefit)	—	(46.1)	20.8	27.7	—	2.4
Income (loss) before equity in income (loss) of subsidiaries	—	(60.4)	27.2	42.0	—	8.8
Equity in net income (loss) of subsidiaries	8.8	69.2	—	—	(78.0)	—
NET INCOME (LOSS)	$ 8.8	$ 8.8	$ 27.2	$ 42.0	$ (78.0)	$ 8.8

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CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Totals Sales	$ —	$ 471.3	$ 586.0	$ 1,209.7	$ (102.7)	$ 2,164.3
Cost of products sold	—	427.5	487.6	1,019.7	(102.7)	1,832.1
Selling, administration, & engineering expenses	—	106.2	44.3	49.3	—	199.8
Amortization of intangibles	—	21.6	2.5	6.9	—	31.0
Impairment charges	—	13.2	—	—	—	13.2
Restructuring	—	7.0	0.8	16.1	—	23.9
Operating profit (loss)	—	(104.2)	50.8	117.7	—	64.3
Interest expense, net of interest income	—	(74.3)	—	(12.9)	—	(87.2)
Equity earnings	—	(0.1)	0.3	—	—	0.2
Other income (expense)	—	47.2	1.8	(42.0)	—	7.0
Income (loss) before income taxes	—	(131.4)	52.9	62.8	—	(15.7)
Provision for income tax expense (benefit)	—	(50.3)	20.2	22.8	—	(7.3)
Income (loss) before equity in income (loss) of subsidiaries	—	(81.1)	32.7	40.0	—	(8.4)
Equity in net income (loss) of subsidiaries	(8.4)	72.6	—	—	(64.2)	—
NET INCOME (LOSS)	$ (8.4)	$ (8.5)	$ 32.7	$ 40.0	$ (64.2)	$ (8.4)

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CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2007

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Totals Sales	$ —	$ 456.8	$ 713.9	$ 1,464.3	$ (123.8)	$ 2,511.2
Cost of products sold	—	411.9	571.8	1,254.2	(123.8)	2,114.1
Selling, administration, & engineering expenses	—	103.0	51.8	67.3	—	222.1
Amortization of intangibles	—	21.5	2.8	7.6	—	31.9
Impairment charges	—	143.0	3.4	—	—	146.4
Restructuring	—	6.3	1.1	19.0	—	26.4
Operating profit (loss)	—	(228.9)	83.0	116.2	—	(29.7)
Interest expense, net of interest income	—	(76.2)	—	(13.3)	—	(89.5)
Equity earnings	—	(0.3)	2.3	0.2	—	2.2
Other income (expense)	—	41.5	0.2	(42.8)	—	(1.1)
Income (loss) before income taxes	—	(263.9)	85.5	60.3	—	(118.1)
Provision for income tax expense (benefit)	—	20.3	(15.3)	27.9		32.9
Income (loss) before equity in income (loss) of subsidiaries	—	(284.2)	100.8	32.4	—	(151.0)
Equity in net income (loss) of subsidiaries	(151.0)	133.2	—	—	17.8	—
NET INCOME (LOSS)	$ (151.0)	$ (151.0)	$ 100.8	$ 32.4	$ 17.8	$ (151.0)

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CONSOLIDATING BALANCE SHEET
December 31, 2006

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 21.9	$ 0.4	$ 34.0	$ —	$ 56.3
Accounts receivable, net	—	67.6	94.8	221.4	—	383.8
Inventories, net	—	27.9	30.3	62.7	—	120.9
Prepaid expenses	—	(3.5)	1.1	13.7	—	11.3
Other	—	10.1	—	—	—	10.1
Total current assets	—	124.0	126.6	331.8	—	582.4
Investments in affiliates and intercompany accounts, net	320.7	175.0	415.5	185.1	(1,078.7)	17.6
Property, plant, and equipment, net	—	91.4	145.9	305.2	—	542.5
Goodwill	—	378.3	17.8	39.5	—	435.6
Other assets	—	270.2	4.7	58.4	—	333.3
	$ 320.7	$ 1,038.9	$ 710.5	$ 920.0	$ (1,078.7)	$ 1,911.4
LIABILITIES & STOCKHOLDERS' EQUITY						
Current liabilities:						
Debt payable within one year	$ —	$ 4.1	$ —	$ 13.3	$ —	$ 17.4
Accounts payable	—	39.4	36.2	90.4	—	166.0
Accrued liabilities	—	66.4	9.6	72.0	—	148.0
Total current liabilities	—	109.9	45.8	175.7	—	331.4
Long-term debt	—	918.3	—	119.7	—	1,038.0
Other long-term liabilities	—	168.2	6.3	46.8	—	221.3
	—	1,196.4	52.1	342.2	—	1,590.7
Total stockholders' equity	320.7	(157.5)	658.4	577.8	(1,078.7)	320.7
	$ 320.7	$ 1,038.9	$ 710.5	$ 920.0	$ (1,078.7)	$ 1,911.4

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CONSOLIDATING BALANCE SHEET
December 31, 2007

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 42.6	$ —	$ (1.7)	$ —	$ 40.9
Accounts receivable, net	—	52.3	105.6	388.9	—	546.8
Inventories	—	24.4	28.9	102.0	—	155.3
Prepaid Expenses	—	(2.3)	1.0	20.9	—	19.6
Other	—	9.7	—	—	—	9.7
Total current assets	—	126.7	135.5	510.1	—	772.3
Investments in affiliates and intercompany accounts, net	268.5	360.4	490.4	177.5	(1,260.1)	36.7
Property, plant, and equipment, net	—	76.7	129.2	516.5	—	722.4
Goodwill	—	248.7	17.3	24.6	—	290.6
Other assets	—	199.7	35.0	105.6	—	340.3
	$ 268.5	$ 1,012.2	$ 807.4	$ 1,334.3	$ (1,260.1)	$ 2,162.3
LIABILITIES & STOCKHOLDERS’ EQUITY						
Current liabilities:						
Debt payable within one year	$ —	$ 7.6	$ —	$ 44.4	$ —	$ 52.0
Accounts payable	—	60.1	33.3	202.2	—	295.6
Accrued liabilities	—	54.6	8.1	118.7	—	181.4
Total current liabilities	—	122.3	41.4	365.3	—	529.0
Long-term debt	—	970.8	—	117.4	—	1,088.2
Other long-term liabilities	—	138.6	6.9	131.1	—	276.6
	—	1,231.7	48.3	613.8	—	1,893.8
Total stockholders’ equity	268.5	(219.5)	759.1	720.5	(1,260.1)	268.5
	$ 268.5	$ 1,012.2	$ 807.4	$ 1,334.3	$ (1,260.1)	$ 2,162.3

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COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
OPERATING ACTIVITIES						
Net cash provided by operating activities	$ —	$ 23.5	$ 16.0	$ 73.4	$ —	$ 112.9
INVESTING ACTIVITIES						
Property, plant, and equipment	—	(17.4)	(15.9)	(21.2)	—	(54.5)
Settlement of working capital adjustment related to Acquisition	—	(54.3)	—	—	—	(54.3)
Payment to stockholder related to Acquisition	—	(8.0)	—	—	—	(8.0)
Cost of other acquisitions and equity investments	—	—	—	(17.2)	—	(17.2)
Proceeds from the sale of assets and other	—	0.8	—	0.2	—	1.0
Net cash used in investing activities	—	(78.9)	(15.9)	(38.2)	—	(133.0)
FINANCING ACTIVITIES						
Principal payments on long-term debt	—	(1.9)	(0.2)	(8.2)	—	(10.3)
Proceeds from issuance of stock	4.6	—	—	—	—	4.6
Net change in intercompany advances	(4.6)	30.4	—	(25.8)	—	—
Other	—	(0.5)	—	(0.9)	—	(1.4)
Net cash provided by (used in) financing activities	—	28.0	(0.2)	(34.9)	—	(7.1)
Effects of exchange rate changes on cash	—	—	—	5.7	—	5.7
Changes in cash and cash equivalents	—	(27.4)	(0.1)	6.0	—	(21.5)
Cash and cash equivalents at beginning of year	—	32.9	—	50.8	—	83.7
Cash and cash equivalents at end of year	$ —	$ 5.5	$ (0.1)	$ 56.8	$ —	$ 62.2
Depreciation and amortization	$ —	$ 55.0	$ 12.5	$ 43.7	$ —	$ 111.2

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COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
OPERATING ACTIVITIES						
Net cash provided by (used in) operating activities	$ —	$ 37.6	$ 26.9	$ 71.4	$ —	$ 135.9
INVESTING ACTIVITIES						
Property, plant, and equipment	—	(12.5)	(26.5)	(43.9)	—	(82.9)
Acquisition of FHS, net of cash acquired	—	(201.6)	—	—	—	(201.6)
Return on equity investment	—	7.7	—	—	—	7.7
Cost of equity investments	—	(0.4)	—	(3.7)	—	(4.1)
Other	—	(1.0)	—	0.1	—	(0.9)
Net cash used in investing activities	—	(207.8)	(26.5)	(47.5)	—	(281.8)
FINANCING ACTIVITIES						
Proceeds from issuance of long-term debt	—	214.8	—	—	—	214.8
Repurchase of bonds	—	(14.9)	—	—	—	(14.9)
Principal payments on long-term debt	—	(9.2)	—	(37.6)	—	(46.8)
Proceeds from issuance of stock	0.3	—	—	—	—	0.3
Net change in intercompany advances	(0.3)	0.3	—	—	—	—
Other	—	(4.3)	—	(1.5)	—	(5.8)
Net cash provided by (used in) financing activities	—	186.7	—	(39.1)	—	147.6
Effects of exchange rate changes on cash	—	—	—	(7.6)	—	(7.6)
Changes in cash and cash equivalents	—	16.5	0.4	(22.8)	—	(5.9)
Cash and cash equivalents at beginning of year	—	5.4	—	56.8	—	62.2
Cash and cash equivalents at end of year	$ —	$ 21.9	$ 0.4	$ 34.0	$ —	$ 56.3
Depreciation and amortization	$ —	$ 48.9	$ 31.8	$ 57.7	$ —	$ 138.4

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COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
OPERATING ACTIVITIES						
Net cash provided by operating activities	$ —	$ (42.7)	$ 18.2	$ 209.9	$ —	$ 185.4
INVESTING ACTIVITIES						
Property, plant, and equipment	—	(12.6)	(18.6)	(76.1)	—	(107.3)
Acquisition of businesses, net of cash acquired	—	—	—	(158.7)	—	(158.7)
Gross proceeds from sale-leaseback transaction				4.8	—	4.8
Cost of equity investments	—	—	—	—	—	—
Other	—	0.1	—	1.1	—	1.2
Net cash used in investing activities	—	(12.5)	(18.6)	(228.9)	—	(260.0)
FINANCING ACTIVITIES						
Proceeds from issuance of long-term debt	—	60.0	—	—	—	60.0
Increase/(decrease) in short term debt	—	1.4	—	4.8	—	6.2
Principal payments on long-term debt	—	(16.4)	—	(21.2)	—	(37.6)
Proceeds from issuance of stock	—	—	—	—	—	—
Debt issuance costs	—	(2.9)	—	(0.2)	—	(3.1)
Equity Contributions	—	30.0	—	—	—	30.0
Net change in intercompany advances	0.5	(0.5)	—	—	—	—
Other	(0.5)	—	—	—	—	(0.5)
Net cash provided by (used in) financing activities	—	71.6	—	(16.6)	—	55.0
Effects of exchange rate changes on cash	—	4.3	—	(0.1)	—	4.2
Changes in cash and cash equivalents	—	20.7	(0.4)	(35.7)	—	(15.4)
Cash and cash equivalents at beginning of year	—	21.9	0.4	34.0	—	56.3
Cash and cash equivalents at end of year	$ —	$ 42.6	$ —	$ (1.7)	$ —	$ 40.9
Depreciation and amortization	$ —	$ 40.8	$ 30.8	$ 64.4	$ —	$ 136.0

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Schedule II
Valuation and Qualifying Accounts
(dollars in millions)

Description	Balance at beginning of period	Acquisition (b)	Charged to Expenses	Charged (credited) to other accounts (a)	Deductions	Balance at end of period
Allowance for doubtful accounts deducted from accounts receivable						
Year ended December 31, 2005	$ 6.2	—	1.8	(0.2)	(2.4)	$ 5.4
Year ended December 31, 2006	$ 5.4	5.8	5.5	0.7	(7.3)	$ 10.1
Year ended December 31, 2007	$ 10.1	0.9	0.1	0.8	(1.7)	$ 10.2
Inventory reserve account deducted from inventories						
Year ended December 31, 2005	$ 6.8	—	3.2	(0.3)	(3.4)	$ 6.3
Year ended December 31, 2006	$ 6.3	2.0	3.8	0.6	(1.7)	$ 11.0
Year ended December 31, 2007	$ 11.0	2.1	4.0	1.0	(3.3)	$ 14.8

(a) Primarily foreign currency translation. (b) 2006 relates to FHS acquisition. 2007 relates to MAPS acquisition.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A(T). Controls and Procedures.

The Company has evaluated, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the ‘‘Exchange Act’’)) as of the end of the period covered by this Report. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. However, based on that evaluation, the Company’s Chief Executive Officer along with the Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this Report.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under the framework in Internal Control – Integrated Framework, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2007.

Management's evaluation did not include assessing the effectiveness of internal controls over financial reporting at El Jarudo, which was acquired effective March 31, 2007, MAPS, which was acquired effective August 31, 2007 and MAP India, which was acquired effective December 27, 2007 and whose financial statements reflect total assets and net sales of 18.4% and 8.3%, respectively, of the consolidated financial statements as of and for the year ended December 31, 2007. Management has opted to exclude El Jarudo, MAPS and MAP India from its assessment based upon the SEC's comments in ''Management's Report

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on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, Frequently Asked Questions (''FAQ'') (revised October 6, 2004)''. The response to FAQ No. 3 states that the SEC ''would not object to management referring in the report to a discussion in the registrant's Form 10-K or 10-KSB regarding the scope of the assessment and to such disclosure noting that management excluded the acquired business from management's report on internal control over financial reporting''.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

There was no change in the Company's internal control over financial reporting that occurred during the fourth quarter ended December 31, 2007, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

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PART III

Item 10.

Directors, and Executive Officers and Corporate Governance

The following table sets forth information about our current directors, executive officers and other named officers.

Name	Age	Position
James S. McElya	60	Chairman, Director, and Chief Executive Officer
Edward A. Hasler	58	President and Chief Operating Officer
Allen J. Campbell	50	Chief Financial Officer
Keith D. Stephenson	47	President, Global Body & Chassis Systems
Michael C. Verwilst	54	President, Global Fluid Systems
S.A. (Tony) Johnson	67	Lead Director
Gerald J. Cardinale	40	Director
Gary L. Convis	65	Director
Jack Daly	41	Director
Michael F. Finley	46	Director
Leo F. Mullin	65	Director
James A. Stern	57	Director
Kenneth L. Way	68	Director

James S. McElya is our Chairman of the Board of Directors and Chief Executive Officer, a position he has held since September 2006. He served as President and Chief Executive Officer from the date of the 2004 Acquisition to September 2006. He has been a director of the Company since the 2004 Acquisition. He was the President of Cooper-Standard and a Corporate Vice President of Cooper Tire from June 2000 until the 2004 Acquisition. Mr. McElya has over 32 years of automotive experience and was previously President of Siebe Automotive Worldwide, a division of Invensys, PLC. Mr. McElya spent 22 years with Handy & Harman in various executive management positions, including President, Handy & Harman Automotive, and Corporate Vice President and Officer of the parent company. Mr. McElya is the immediate past Chairman and current member of the Board of Directors of the Original Equipment Supplier Association, and a member of the Boards of the Motor & Equipment Manufacturers Association and the National Alliance for Accessible Golf.

Edward A. Hasler is our President and Chief Operating Officer, a position he has held since September 2006. He was the President, Global Sealing Systems from the date of the 2004 Acquisition to September 2006. He was the President of the Global Sealing Systems Division and a Corporate Vice President of Cooper Tire from 2003 until the 2004 Acquisition. Mr. Hasler was employed from 2000 to 2001 in Germany as Managing Director, Europe for GDX Corporation. Prior to joining GDX, Mr. Hasler had been with Cooper Tire for nearly 15 years. At Cooper Tire, Mr. Hasler held several senior posts including Vice President, Operations; and Vice President, Controller. He has both an MBA and a BS in Business Administration.

Allen J. Campbell is our Chief Financial Officer, a position he has held since the 2004 Acquisition in December 2004. He was Vice President, Finance from 1999 to 2003 and Vice President, Asian Operations of Cooper-Standard Automotive Group from 2003 until the 2004 Acquisition. Mr. Campbell has eight years of automotive experience and has held various executive positions in the industry. Prior to this position, Mr. Campbell was with The Dow Chemical Company for 18 years and held executive finance positions for both US and Canadian operations. Mr. Campbell is a Certified Public Accountant and received his MBA in Finance from Xavier University.

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

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Michael C. Verwilst is our President, Global Fluid Systems, a position he has held since June of 2007. Mr. Verwilst joined the Company in 2003 as the Vice President, Strategic Planning and Business Development. Prior to joining the Company, Mr. Verwilst was a principal with Corporate Improvement Partners from 2001 to 2003. Mr. Verwilst held many executive positions with Federal-Mogul Corporation from 1978 to 2001, including Senior Vice President of Powertrain Systems and Vice President & General Manager of Powertrain Systems – Americas.

S.A. (Tony) Johnson is the Lead Director for our Board of Directors, a position he has held since September 2006. He served as our Non-Executive Chairman from the date of the 2004 Acquisition in December 2004 to September 2006. Mr. Johnson is the founder of Hidden Creek Industries, a private industrial management company based in Minneapolis. Prior to forming Hidden Creek, Mr. Johnson served from 1986 to 1989 as President and Chief Operating Officer of Pentair, Inc., a diversified industrial company. From 1981 to 1985, Mr. Johnson was President and Chief Executive Officer of Onan Corp., a diversified manufacturer of electrical generating equipment and engines for commercial, defense and industrial markets. Mr. Johnson also currently serves as director of Commercial Vehicles Group Inc., a supplier of truck cab components to the Class 8 truck market. Mr. Johnson served as a director of Dura Automotive Systems, Inc., a manufacturer of mechanical assemblies and integrated systems for the automotive industry, from 1990 to 2004, serving as its Chairman from 1990 to 2003; and also served as Chairman and a director of Automotive Industries Holding, Inc., a supplier of automotive interior trim components, from May 1990 until its sale to Lear Corporation in August 1995.

Gerald J. Cardinale has been a director of the Company since the 2004 Acquisition in December 2004. Mr. Cardinale is a Managing Director in the Principal Investment Area at Goldman Sachs & Co. He joined Goldman Sachs in 1992 and became a Managing Director in 2002. He serves on the Boards of Directors of Alliance Films Holdings, Inc., Sensus Metering Systems Inc., Clearwire Holdings, Inc., Cequel Communications, LLC, CSI Entertainment, CW Media Holdings, Inc., Yankees Entertainment & Sports (YES) Network and Fiberlink Communications. Mr. Cardinale received an Honors B.A. from Harvard University and an M.Phil in Politics from Oxford University where he was a Rhodes Scholar.

Gary L. Convis has been a director of the Company since 2007. Mr. Convis retired in 2007 as the Chairman of Toyota Motor Manufacturing, Kentucky (TMMK), a position he held since 2006. Mr. Convis had previously served as President of TMMK since 2001. He also was a Managing Officer of Toyota Motor Corporation and Executive Vice President of Toyota Engineering and Manufacturing North America (TEMA), from 2003 until his retirement in 2007. Prior to serving in these roles, Mr. Convis spent 16 years at New United Motor Manufacturing, Inc., a joint venture between General Motors Corporation and Toyota. Mr. Convis also spent more than 20 years in various roles with General Motors and Ford Motor Company. Mr. Convis serves on the Boards of Directors of Dana Holding Corporation, Compass Automotive Group, Inc., Oorja Protonics and Achates Power LLC.

Jack Daly has been a director of the Company since the 2004 Acquisition in December 2004. Mr. Daly is a Managing Director in the Principal Investment Area of Goldman Sachs, where he has worked since 2000. From 1998 to 2000, he was a member of the Investment Banking Division of Goldman Sachs. From 1991 to 1997, Mr. Daly was a Senior Instructor of Mechanical & Aerospace Engineering at Case Western Reserve University. Mr. Daly currently serves as a director of Clearwire Holdings, Inc., Hawker Beechcraft Corporation, Euramax Corporation and McJunkin Redman Corporation. He earned a B.S. and M.S. in Engineering from Case Western Reserve University and an M.B.A. from the Wharton School of Business.

Michael F. Finley has been a director of the Company since the 2004 Acquisition in December 2004. Mr. Finley has been a Managing Director of Cypress since 1998 and has been a member of Cypress since its formation in April 1994. Prior to joining Cypress, he was a Vice President in the Merchant Banking Group at Lehman Brothers Inc. Mr. Finley received a B.A. from St. Thomas University and an M.B.A. from the University of Chicago's Graduate School of Business. Mr. Finley currently serves on the Boards of Directors of Affinia Group Inc. and CPI International, Inc.

Leo F. Mullin has been a director of the Company since May 2005. Since September 2004, he has been a Senior Advisor on a part-time basis to Goldman Sachs Capital Partners. Mr. Mullin served as President and Chief Executive Officer of Delta Air Lines from 1997 to 1999, as Chairman and Chief Executive

Officer from 1999 to December 31, 2003 and as Chairman until his retirement on April 30, 2004. Previously, he served as Vice Chairman of Unicom Corporation and its principal subsidiary, Commonwealth Edison Company, from 1995 to 1997. He was an executive at First Chicago Corporation from 1981 to 1995, serving as that company's President and Chief Operating Officer from 1993 to 1995. Mr. Mullin is a director of Johnson & Johnson Corporation, Ace Limited and the privately held companies, Euramax Corporation, Educational Management Corporation, Hawker Beechcraft Corporation and Alltel Corporation.

James A. Stern has been a director of the Company since May 2007. Mr. Stern is the Chairman and founder of Cypress Advisors Inc. since 1994. Prior to this Mr. Stern had a 20 year career at Lehman Brothers. Joining as an associate in 1974, Mr. Stern advanced to Managing Director in 1982, Co-head of Investment Banking in 1988 and Head of Merchant Banking in 1989. Mr. Stern received his degree in Civil Engineering from Tufts University and a MBA from Harvard. Mr. Stern currently serves on the Boards of Directors of Lear Corporation and Affinia Group Inc., and is the Chairman of the board of trustees of Tufts University.

Kenneth L. Way has been a director of the Company since the 2004 Acquisition in December 2004. Mr. Way is the former Chairman and CEO of Lear Corporation. Mr. Way had been affiliated with Lear Corporation and its predecessor companies for 37 years in various engineering, manufacturing and general management capacities. Mr. Way is also a director of WESCO International, Inc., Comerica, Inc. and CMS Energy Corporation.

Committees of the Board of Directors

Our Board of Directors currently has an executive committee, an audit committee, and a compensation committee.

Executive Committee

Our executive committee currently consists of four members, which include Mr. Johnson, Mr. McElya, any director who is a nominee of The Cypress Group L.L.C. (currently either Mr. Stern or Mr. Finley) and any director who is a nominee of GS Capital Partners 2000, L.P. (currently either Mr. Cardinale, Mr. Daly, or Mr. Mullin). Mr. Johnson serves as the chairman of the Executive Committee. The Executive Committee has the authority to discharge all functions of the Board of Directors in the management of our business during the interim between meetings of the Board of Directors.

Audit Committee

Our audit committee currently consists of Messrs. Way, Daly, and Finley. Mr. Way serves as the chairman of the audit committee. The Board of Directors has determined that the Company has at least one ‘‘audit committee financial expert’’ (as defined in Item 401(d)(5) of Regulation S-K), Mr. Way, serving on the Audit Committee. Mr. Way is ‘‘independent’’ as defined in the listing standards of the NASDAQ Stock Market. The audit committee is responsible for (i) reviewing and discussing with management and our independent auditors our annual audited financial statements and quarterly financial statements and any audit issues and management's response; (ii) reviewing and discussing with management and our independent auditors our financial reporting and accounting standards and principles and significant changes in such standards and principles or their application; (iii) reviewing and discussing with management and our independent auditors our internal system of financial controls and disclosure controls and our risk assessment and management policies and activities; (iv) reviewing and evaluating the independence, qualifications, and performance of our independent auditors; (v) reviewing our legal compliance and ethics programs and investigating matters relating to management's integrity, including adherence to standards of business conduct established in our policies; and (vi) taking such actions as may be required or permitted under applicable law to be taken by an audit committee on behalf of us and our Board of Directors.

Compensation Committee

Our compensation committee currently consists of Messrs. Johnson, Daly and Finley. Mr. Johnson serves as the chairman of the compensation committee. The compensation committee is responsible for (i) the

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review and approval of corporate goals, objectives and other criteria relevant to the compensation of the Chief Executive Officer and other executive officers; (ii) the evaluation of the performance of the Chief Executive Officer and other executive officers and the determination and approval of their compensation; (iii) the review and approval of executive compensation programs; (iv) the review of director compensation and director and officer indemnification and insurance matters; (v) the review and approval of contracts and transactions with executive officers; (vi) the review and approval of equity-based compensation plans and awards made pursuant to such plans; (vii) the approval, review and oversight of employee benefit plans of the Company, including the delegation of responsibility for such programs to the executive officers of the Company; and (viii) taking such actions as may be required or permitted under applicable law to be taken by a compensation committee on behalf of us and our Board of Directors.

Other Matters Concerning Directors

Securities and Exchange Commission regulations require the Company to describe certain legal proceedings, including bankruptcy and insolvency filings involving directors of the Company or companies of which a director was an executive officer. Mr. Mullin served as the Chief Executive Officer of Delta Air Lines, Inc. from 1997 through December 2003 and as its Chairman of the Board from 1999 through April 2004. Delta Air Lines filed for protection under Chapter 11 of the United States Bankruptcy Code in September 2005.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics Policy that applies to all directors, officers, and employees of the Company and its subsidiaries, including our chief executive officer, our chief financial officer and our controller. The Code of Business Conduct and Ethics Policy is available on our website at www.cooperstandard.com. We will also post on our website any amendment to, or waiver from, a provision of our policies that applies to our chief executive officer, chief financial officer, or controller, and that relates to any of the following elements of these policies: honest and ethical conduct; disclosure in reports or documents filed by the Company with the SEC and in other public communications; compliance with applicable laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the policies.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This Compensation Discussion and Analysis describes the key principles and material elements of the Company's compensation policies for the ''Named Executive Officers'' of the Company identified in the ''Executive Compensation'' section which begins on page 103. Much of what is discussed below, however, applies generally to the Company's executives and is not limited to the Named Executive Officers.

The Compensation Committee, with the assistance of independent executive compensation consultants, meets throughout the year to review executive compensation elements. In reviewing elements of compensation, the Company places considerable emphasis on performance-based compensation to ensure executives are compensated for annual and long-term Company results. Performance-based components of compensation include annual bonuses tied to annual adjusted EBITDA results, long-term incentive plan awards pertaining to three year performance periods, a stock incentive plan and a management stock purchase plan. In 2007, the Company's management stock purchase program became effective, allowing matching of stock units by the Company for deferred compensation allocated to Company stock units by executives. The Company believes that this element of compensation will further tie executive compensation to long-term Company performance.

Compensation Philosophy and Objectives

The objective of our compensation program is to link executive compensation to Company performance in a manner that accomplishes the following:

- enables us to attract and retain a highly qualified executive leadership team;
- aligns the interests of executives with those of stockholders; and
- motivates our leadership team to implement the Company's growth strategy while delivering consistently strong financial results.

The program rewards sustained enterprise value growth through incentives that are based on the achievement of performance objectives over varying time periods. As detailed below, the Company's incentive programs emphasize specific Company or group-wide objectives over subjective, individual goals. Discretionary features of these programs allow for the recognition of achievements which the objective performance criteria do not fully measure but which further the Company's key strategies. Base salary is designed, in general, to be near the median of the range applicable to companies deemed comparable to the Company and performance-based compensation is designed to provide opportunities above median levels in the industries in which the Company competes for executives.

Processes Relating to Executive Compensation

In May 2006, our Board of Directors established the Compensation Committee (the ''Committee'') to assist in discharging the Board's responsibilities relating to the compensation of the Company's directors and executive officers and the oversight of compensation plans, policies and benefit programs. From the time of the 2004 Acquisition until the establishment of the Committee, the Board had performed these functions largely through its Chairman and certain designated directors. The Company's human resources executives and professionals support the Committee (and previously the Board) in its work. In evaluating and determining the salary and incentive compensation of senior executives who report to our Chief Executive Officer and Chief Operating Officer, the Committee receives information from our Chief Operating Officer and recommendations from the Chief Executive Officer. The Committee as a whole, following discussions with the Chief Executive Officer, meets privately and determines the salary and incentive compensation of the Chief Executive Officer. Executives whose compensation is under consideration are not present during the Committee's review meetings. The considerations, criteria and procedures applicable to these determinations are discussed under ''Executive Compensation Components'' beginning on page 96.

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Total Compensation Review

In 2007, as in 2006, the Committee engaged Towers Perrin to assess the market competitiveness of the Company's executive compensation program with particular focus on total direct compensation, which is comprised of base salary, annual incentive award opportunities, long-term incentive award opportunities, executive perquisites other than core health and welfare benefits, and executive severance and change-in-control benefits. Towers Perrin compared the Company's programs in these areas with those of two comparator groups: a group of eleven automotive suppliers selected on the basis of annual sales (ranging from $907 million to $12.4 billion, with a median of $5.0 billion) and a group of 50 companies from various industrial segments also selected on the basis of annual sales (ranging from $290 million to $10.7 billion, with a median of $2.7 billion), as follows:

Automotive Supplier Revenue-Based Comparator Group

• American Axle & Mfg • Eaton Corp • Navistar International • ArvinMeritor • Fleetwood Enterprises • PPG Industries Inc • CLARCOR Inc. • Hayes-Lemmerz • Timken Co • Cooper Tire & Rubber • Ingersoll-Rand Co Ltd

Broad Industrial Comparator Group

• Air Products and Chemicals Inc • GATX Corp • OMNOVA Solutions Inc • American Axle & Mfg. • Harley-Davidson Inc. • Owens-Illinois Inc. • Arctic Cat Inc. • Harman International Industries • Parker-Hannifin Corp • ArvinMeritor Inc • Harsco Corp • Plum Creek Timber Co Inc • Ball Corp • Hayes Lemmerz • Rockwell Automation Inc. • Black & Decker Corp • HNI Corp • Smurfit-Stone Container • Brady Corp • IDEX Corporation • Sonoco Products Co • Cameron International Corp • ITT Corp • Steelcase Inc. • Chesapeake Corp • Kaman Corp • Sybron • CLARCOR Inc • Lafarge North America • Terex Corp • Constar International Inc • Louisiana-Pacific Corp • Thomas & Betts Corp • Cooper Tire & Rubber Co • MeadWestvaco Corp • Timken Co (The) • Donaldson Co Inc. • Milacron Inc. • Toro Co (The) • Dresser-Rand Group Inc • Mine Safety Appliances Co • Trinity Industries Inc • Fleetwood Enterprises Inc. • Monaco Coach Corp • USG Corp • Flowserve Corp • MSC Industrial Direct Co • Valmont Industries Inc • Fortune Brands Inc. • Navistar International Corp

Due to the large range in annual sales in the comparator groups, regression analysis was used to normalize the survey results for our Company. Premiums or discounts to the market compensation data were also applied to create duty specific market data for individual officer positions where Company officers had different assigned duties than similarly titled officers in the comparator groups.

Results of Compensation Review

The Committee reviewed the report of Towers Perrin with the Chief Executive Officer and other members of executive management. The Committee considered the Towers Perrin report in evaluating the total compensation of senior management, but did not target any percentile level among the comparator groups used in the report in determining the appropriate level of each element of compensation for the executive leadership team. The Committee also took into account distinctions between the Company's equity-based incentive compensation programs and those offered by many of the

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companies in the comparator groups arising out of the fact that the Company's stock is not publicly traded as is the case with many of the comparator group companies. In this connection, the Committee reviewed the impact of the management stock purchase program implemented in December 2006 which allows for the deferral and allocation of base and incentive compensation into stock units eligible for Company matching (described under ''Executive Compensation Components – Management Stock Purchase Plan''). Taking into account the above, the survey data generally reaffirmed that compensation of the executive leadership team was in accordance with the Company's overall compensation strategy.

Executive Compensation Components

The elements of compensation available to the Company's executives are:

Base Salary

Our executives are paid a base salary that is determined prior to or at the beginning of each fiscal year or upon changes in roles or positions within the Company. The Committee determines the salary of the Chief Executive Officer and, upon the recommendations of the Chief Executive Officer and Chief Operating Officer, the salaries of the executives who report to the Chief Executive Officer and the Chief Operating Officer. The salaries of other executives are determined by the executives to whom they report, upon consultation with the Chief Executive Officer and the Chief Operating Officer. Our policy is to pay base salaries that are competitive in the markets in which we compete for executives and that take into account the responsibilities and contributions of each executive. The base salary provides executives with a regular stream of income.

Bonus

Prior to or early in the fiscal year, the Committee establishes performance targets on which the annual incentive bonuses payable to senior executives with respect to that year will be based. The targets are generally set in terms of the adjusted EBITDA of the Company as a whole or, in the case of executives with responsibility for a Company division, the adjusted EBITDA of that division. Adjusted EBITDA is calculated in a manner similar to that applied with respect to the Company's performance-based covenants under its Senior Credit Facilities and Indentures. ''Adjusted EBITDA'' (referred to as ''Consolidated EBITDA'' in the Senior Credit Facilities) is consolidated net income plus the sum of i) consolidated interest expense; ii) consolidated income tax expense; iii) any non-cash charges, losses or expenses; iv) most non-recurring fees, cash charges and other cash expenses; v) non-specified restructuring charges limited to 7.5% of consolidated EBITDA; vi) non-recurring fees, expenses or charges related to professional or financial advisory, financing, underwriting and other similar services related to equity offerings, investments, acquisitions, divestitures or recapitalizations; vii) extraordinary charges or losses; ix) losses related to discontinued operations; x) losses in respect of business or asset dispositions outside the ordinary course; and xi) non-recurring restructuring charges related to the integration of businesses acquired in certain acquisition transactions, subject to certain restrictions. For the complete definition of adjusted EBITDA see the Second Amendment to Credit Agreement dated July 26, 2007 attached as Exhibit 10.1 to the Company's Form 8-K filed August 1, 2007. Additional adjustments are sometimes made for extraordinary events upon approval of the Compensation Committee. Adjusted EBITDA is deemed by the Company to be an appropriate objective measurement of the financial performance of the Company or division for that year. For each executive, a bonus amount payable upon achievement of the established performance target is established by the Committee (or, in the case of executives other than the Chief Executive Officer and those who report directly to him or to the Chief Operating Officer, by the individual to whom such executive reports). In the first quarter following the end of the fiscal year to which the bonus applies, the Committee determines whether, and to what extent, the applicable performance targets were achieved based on the Company's financial results for the fiscal year. The Committee may take into account special circumstances and adjust applicable performance targets and bonuses. The annual incentive bonus is designed to focus the executive leadership team on the achievement of strong financial performance over a one-year period.

Based on the business plan of the Company approved by the Board of Directors for 2007, the Committee established specific Adjusted EBITDA performance levels for 2007 corresponding to ‘‘target’’, ‘‘threshold’’ and ‘‘superior performance’’ bonus payment amounts also established by the Committee. All the named executive officers’ bonuses were based on the performance of the Company as a whole. For all Named Executive Officers, the Compensation Committee established the following: the threshold Adjusted EBITDA level was set at $236,927,000 for a pay-out of 50% of the respective executives’ bonus percentage; the target Adjusted EBITDA level was set at $263,797,000 for a pay-out of 100% of the respective executives’ bonus percentage; and the ‘‘superior performance’’ Adjusted EBITDA level was set at $290,667,000 for a pay-out of 200% of the respective executives’ bonus percentage. The superior performance EBITDA level was deemed to represent a goal unlikely of achievement based on the assumptions underlying the business plan, except upon performance on the part of the executive leadership team and employees of the Company substantially exceeding expectations. Incentive bonus awards are determined on a linear basis for Adjusted EBITDA attainment falling (1) between the ‘‘threshold’’ and ‘‘target’’ levels, or (2) between the ‘‘target’’ and ‘‘superior performance’’ levels.

The Compensation Committee or the Board of Directors may also award special, one-time bonuses to executives to recognize and encourage specific achievements deemed to further one or more of the strategic goals of the Company. For example, in 2007, the Compensation Committee approved a special bonus of $37,500 for each member of the executive leadership team in recognition of the team’s efforts in successfully completing the acquisition of certain Metzler Automotive Profile Systems (MAPS) sealing systems businesses in August 2007, while managing the business in a difficult environment.

Long Term Incentive Compensation

The Company has a Long Term Incentive Plan (‘‘LTIP’’) which provides for the granting by the Committee of performance-based awards to executive officers covering performance periods of one year or longer. Awards are normally granted in the first quarter of each year; however, interim grants may be made in the case of new hires or promotions. At the time awards are granted, the Committee establishes performance targets and a payment scale which determines payout amounts at different levels of performance. After the end of the performance period, the Committee determines whether, and to what extent, performance targets have been achieved and the amount of any awards that have been earned. Award amounts are subject to discretionary adjustment by the Committee (they may be adjusted downward up to 80% or upward up to 150%). If a participant engages in ‘‘inimical conduct,’’ meaning an action or omission contrary to the best interest of the Company, before payment of an award is made, the payment is subject to forfeit. LTIP awards are designed to focus the executive leadership team on strong, sustained cash generation and have therefore been based on the achievement of operating cash flow objectives for the Company as a whole, generally over three-year performance periods.

In general, performance periods are three years in duration, although following the 2004 Acquisition, the Board of Directors approved pro rata LTIP awards payable with respect to a one-year performance period ending December 31, 2005 and a two-year performance period ending December 31, 2006 to compensate for the discontinued participation of Company executives in the Cooper Tire & Rubber Company Long Term Incentive Plan as of the closing date of the 2004 Acquisition. At the time LTIP awards are granted, the Committee establishes a target award amount for each executive which represents the amount the executive will receive at the conclusion of the applicable performance period if performance targets are exactly met during the period. Target award amounts are based on the level of responsibility of the executive and other performance-based factors. Target award amounts pertaining to LTIP awards for the three-year performance periods ending December 31, 2007 and 2008 were increased by the Committee in 2007 subject to the condition that grantees defer the amount of the increase and allocate it to an investment in Company stock units under the Company’s Management Stock Purchase Plan, which was established in December 2006 and is described below.

Since the 2004 Acquisition, LTIP awards have been based on the achievement of operating cash generation goals. Based on the business plan of the Company, the Committee establishes specific operating cash flow targets for the Company as a whole on an annual basis. The ‘‘target’’ performance level represents what the Committee deems to be good operating cash flow performance for the year which is reasonably capable of achievement at a high level of performance on the part of the executive leadership team and the employees of the Company, based on the assumptions and business conditions on which the business plan of the Company is based. LTIP awards for the three-year performance period

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ending December 31, 2007 were based on the achievement of operating cash flow targets for the years ending December 2005, 2006 and 2007. The target operating cash flow for 2005 was established at $110,100,000, for 2006 at $119,500,000 and for 2007 at $108,200,000.

At the end of each LTIP performance period, the Committee determines the extent to which the Company's mean average operating cash flow performance during the performance period met the mean average of the annual operating cash flow targets established by the Committee during the period. Subject to the right of the Committee to make adjustments under the plan, LTIP award payouts are determined in accordance with the following:

Achievement Level (Average)	Payout % of Target Opportunity
Less than 90% of mean target	0 %
At 90% of mean target	50 %
Each 1% over 90%	+5 %
At target	100 %
Each 1% above target	+10 %

Stock Incentive Plan

Effective as of the closing of the 2004 Acquisition, the Company established the 2004 Cooper-Standard Holdings Inc. Stock Incentive Plan, which permits the granting of non-qualified and incentive stock options and other stock-based awards to employees and directors. As of December 31, 2007, the Company had 423,615 shares of common stock reserved for issuance under the plan, including outstanding options granted to certain executives to purchase 212,615 shares of common stock at a price of $100 per share, which was determined by the Company to be fair market value at the time of the grant. Options are exercisable for ten years, subject to earlier expiration for reasons such as termination of employment. Shares of Company common stock acquired upon exercise of options under the plan are subject to restrictions on transfer.

Most of the option grants to executives were made upon the closing of the 2004 Acquisition or in the first year thereafter. One-half of the options granted to executives in this initial period vest on a time basis at a rate of 20% per year over five years; the remaining one-half vest on a performance basis at a rate of 20% per year that Company performance targets are reached for five years or 100% after eight years, with certain acceleration provisions. The same principles apply in the case of the options granted after the initial option grants, except that only the last three years of the five-year period are taken into account, and vesting occurs in increments of 33% rather than 20%. The performance-based options vest based on the achievement by the Company of annual Adjusted EBITDA targets. The 2006 annual Adjusted EBITDA target was $257,200,000 and the 2007 annual Adjusted EBITDA target was $307,000,000 excluding a restructuring charge for a planned closure of a facility. Although the Committee or the Board is authorized to grant options at any time, the Committee or the Board have not granted options on an annual or other regular or prescribed basis. The Committee considers Stock Incentive Plan options to be a key element of executive compensation that directly aligns the interests of the executive leadership team with those of stockholders and emphasizes sustained growth of enterprise value as a performance objective.

Management Stock Purchase Plan

The Company maintains a nonqualified Deferred Compensation Plan which allows eligible executives and directors to defer base pay, bonus payments and long-term incentive pay and have it allocated on a pre-tax basis to various investment alternatives and ultimately distributed to the executive at a designated time in the future. In December 2006, a new plan feature referred to as the ''Management Stock Purchase Plan'' was established which provides participants the opportunity to ''purchase'' Company stock units with income deferred under the deferred compensation plan at a price based on the fair value of Company common stock determined on a semi-annual basis by the Committee. Purchased stock units are matched by the Company at year-end on a one-for-one basis, subject to an annual aggregate cap for all executives of $1,500,000 worth of matching units or 15,000 matching units, whichever is less. The Committee can increase the cap in any year. If the matching units are over-subscribed in a given year, participants receive a pro rata number of matching units based on the amount of stock units the participant purchased that year through deferrals. Matching units vest ratably over a three-year period, and may vest earlier upon a participant's death, disability, retirement or termination by the company without cause or by the participant for good reason. Matching units also become 100% vested upon the occurrence of a change in control of the Company for participants who are employed with the Company immediately prior to such change in control. Stock units are distributed to participants in the form of actual shares of the Company's common stock, subject to restrictions on transfer, at a time in the future designated by the participant (though at its sole discretion, the Company may pay purchased units out in cash – matching units are always distributed in shares of common stock). Participants were eligible to defer and allocate portions of their base salary, bonuses and long term incentive plan payments for 2007 and bonuses and long-term incentive plan payments for performance period ending December 31, 2006 but which were paid in March of 2007, to stock units. Matching stock units were awarded as of December 31, 2007. A variety of other deemed fixed income and equity investment options are also available under this plan (which mirror the investment options available under the Company's qualified 401(k) plans), though deferrals allocated to such options are not matched. Timing and form of payment are elected each year with respect to deferrals made for that year. Executives may elect to receive payment beginning either at separation from service or at an otherwise specified date (generally at least three years after the year in which the deferrals are made). The form payable for a given year's deferral account can be any of the following: (i) single lump sum; (ii) annual installments for five years; (iii) annual installments for ten years; (iv) a specified percentage of the account paid as a lump sum, and the remainder paid in either five annual installments or ten annual installments. The Committee considers the Management Stock Purchase Plan as an important component of its incentive-based compensation program which, like the Stock Incentive Plan, aligns the interests of management with those of stockholders and emphasizes the sustained growth of enterprise value. The Management Stock Purchase Plan is available to a broader group of executives than those who currently hold options under the Stock Incentive Plan.

Retirement Plan Benefits

The Named Executive Officers participate in our qualified defined benefit retirement plan, our qualified defined contribution investment savings plan and our nonqualified supplementary benefit plan. Benefits under these plans provide executives with an income source during their retirement years, and reward executives for long service to the Company. We believe that our retirement plans are generally competitive in the industries in which we compete for executives and assist the Company in attracting and retaining a high caliber executive leadership team.

Defined Benefit Retirement Plans

The Cooper-Standard Automotive Inc. Salaried Retirement Plan (''CSA Retirement Plan'') is a defined benefit plan that covers all non-union employees of the Company in the United States, including the Named Executive Officers. The CSA Retirement Plan is funded by Company contributions only. There are two types of benefits under the plan, a cash balance benefit and a final average pay benefit. There are two separate ''grandfathered'' final average pay formulas in the plan, but only one of those formulas applies for purposes of the Named Executive Officers whose benefits are governed by final average pay provisions, so that formula is described herein. The final average pay benefit was closed effective January 1, 2002 with respect to any participant who was not at least 40 years of age and had at least 15 years of earned service as of that date.

The cash balance portion of the CSA Retirement Plan states benefits in the form of a hypothetical account established for each participant which is increased by two components, a pay credit equal to a stated percentage of his or her compensation (as defined more specifically below under ''Determination of Benefits under Plans'') each year, and an earnings credit equal to the interest rate paid on 30-year Treasury bonds times the hypothetical account balance. The final average pay benefit provides benefits stated as an annuity equal to 1.5% times average compensation (the highest five of the last ten years, as further described below in ‘‘Determination of Benefits under Plans’’) times years of service. This final average pay benefit is payable on an unreduced basis at age 62 or upon attainment of age 55 with 30 years of service.

The Company maintains the Cooper-Standard Automotive Inc. Nonqualified Supplementary Benefit Plan (the ‘‘Supplementary Benefit Plan’’) for the benefit of certain employees (those who are members of a

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select group of highly-compensated executive employees, including the Named Executive Officers). The Supplementary Benefit Plan provides for an additional pension benefit that is designed to compensate for any reduced benefits under the CSA Retirement Plan due to limits imposed by the Internal Revenue Code of 1986, as amended (the ‘‘Internal Revenue Code’’). The Supplementary Benefit Plan is also designed to provide Mr. McElya a final average pay benefit as if he were eligible for the benefits described under ‘‘Final Average Pay Design’’ below. For cash balance participants, the Supplementary Benefit Plan also provides for an enhanced pay credit as further described under the heading ‘‘Determination of Benefits Under Plans’’ below.

Defined Contribution Retirement Plans

The Cooper-Standard Automotive Inc. Investment Savings Plan (the ‘‘CSA Savings Plan’’) is a tax-qualified 401(k) retirement savings plan pursuant to which all U.S. non-union employees, including the Named Executive Officers, may contribute the lesser of up to 50% of ‘‘Compensation’’ (which includes the same compensation as that described below under ‘‘Cash Balance Design’’, except that retention bonuses are excluded) or the limit prescribed by the Internal Revenue Code (though the Company imposes lower deferral percentage limits on highly-compensated employees). The Company matches 40% of employee contributions up to 5% of Compensation, with a maximum matching contribution of 2% of Compensation. The Company may make discretionary matching contributions depending upon annual financial performance. Company matching contributions are 100% vested after the employee has 3 years of service. Employee contributions are always 100% vested.

The Supplementary Benefit Plan also provides for an additional nonqualified employer matching contribution which (1) makes up for any Company contributions to the CSA Savings Plan that were not permitted to be made due to limitations under the Internal Revenue Code and (2) provides a nonqualified employer matching contribution which, when combined with the qualified savings plan match, provides for a total employer matching contribution of 6% of Compensation (without regard to qualified plan limits prescribed by the Internal Revenue Code).

Determination of Benefits under Plans

Benefits under the CSA Retirement Plan and the nonqualified defined benefit portion of the Supplementary Benefit Plan are governed by either a cash balance design or a final average pay design.

Cash Balance Design

Annual pay credits are added to a participant’s cash balance account at the end of each year, based on the participant’s compensation for the year and the sum of the participant’s age and service as of the beginning of that