

Cooper-Standard Holdings Inc.

Form 10-Q

May 10, 2011

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2011

or

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

Commission File Number: 333-123708

**COOPER-STANDARD HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction)  
**20-1945088**  
(I.R.S. Employer  
Identification No.)  
of incorporation or organization)  
**39550 Orchard Hill Place Drive**  
**Novi, Michigan 48375**  
(Address of principal executive offices)  
(Zip Code)  
(248) 596-5900  
(Registrant's telephone number, including area code)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark 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 ☒

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

As of May 2, 2011 there were 18,382,012 shares of the registrant's common stock, \$0.001 par value, outstanding.

**Table of Contents**

**COOPER-STANDARD HOLDINGS INC.**

**Form 10-Q**

**For the period ended March 31, 2011**

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Statements of Operations</u>	3
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	31
Item 1A. <u>Risk Factors</u>	31
Item 6. <u>Exhibits</u>	32
<b><u>SIGNATURES</u></b>	33
<b><u>EXHIBITS INDEX AND EXHIBITS</u></b>	34

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****COOPER-STANDARD HOLDINGS INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(Dollar amounts in thousands except per share amounts)**

	<b>Predecessor</b>	<b>Successor</b>
	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>March 31, 2010</b>	<b>March 31, 2011</b>
Sales	\$ 596,324	\$ 688,772
Cost of products sold	491,820	568,006
Gross profit	104,504	120,766
Selling, administration & engineering expenses	53,067	60,851
Amortization of intangibles	189	3,898
Restructuring	252	4,604
Operating profit	50,996	51,413
Interest expense, net of interest income	(11,811)	(9,906)
Equity earnings	1,960	1,709
Reorganization items, net	(23,333)	
Other income (expense), net	(6,856)	14,072
Income before income taxes	10,956	57,288
Provision for income tax expense	7,288	12,278
Consolidated net income	3,668	45,010
Less: Net income attributed to noncontrolling interests	(259)	(75)
Net income attributable to Cooper-Standard Holdings Inc.	\$ 3,409	\$ 44,935
Net income available to Cooper-Standard Holdings Inc. common stockholders		\$ 34,533
Basic net income per share attributable to Cooper-Standard Holdings Inc.		\$ 1.97
Diluted net income per share attributable to Cooper-Standard Holdings Inc.		\$ 1.78

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

**Table of Contents**

**COOPER-STANDARD HOLDINGS INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollar amounts in thousands except share amounts)

	December 31, 2010	Successor March 31, 2011 (Unaudited)
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 294,450	\$ 259,698
Accounts receivable, net	380,915	499,705
Inventories, net	122,043	135,672
Prepaid expenses	20,056	21,440
Other	40,857	27,331
Total current assets	858,321	943,846
Property, plant and equipment, net	589,504	608,150
Goodwill	137,000	138,216
Intangibles, net	149,642	146,796
Other assets	119,309	110,722
	\$ 1,853,776	\$ 1,947,730
<b><u>Liabilities and Equity</u></b>		
Current liabilities:		
Debt payable within one year	\$ 19,965	\$ 19,152
Accounts payable	176,001	223,650
Payroll liabilities	98,722	90,497
Accrued liabilities	113,831	115,251
Total current liabilities	408,519	448,550
Long-term debt	456,758	456,050
Pension benefits	164,595	142,060
Postretirement benefits other than pensions	80,053	81,727
Deferred tax liabilities	18,337	20,773
Other	32,122	33,981
7% Cumulative participating convertible preferred stock, \$0.001 par value, 10,000,000 shares authorized at December 31, 2010, and March 31, 2011; 1,052,444 shares issued and outstanding at December 31, 2010 and March 31, 2011	130,339	130,733
<b><u>Equity:</u></b>		
Common stock, \$0.001 par value, 190,000,000 shares authorized at December 31, 2010 and March 31, 2011; 18,376,112 shares issued and outstanding at December 31, 2010 and March 31, 2011	17	17
Additional paid-in capital	478,706	480,985
Retained earnings	35,842	78,935
Accumulated other comprehensive income	45,881	71,232
Total Cooper-Standard Holdings Inc. equity	560,446	631,169
Noncontrolling interests	2,607	2,687
Total equity	563,053	633,856

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Total liabilities and equity	\$ 1,853,776	\$ 1,947,730
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The accompanying notes are an integral part of these financial statements.

**Table of Contents****COOPER-STANDARD HOLDINGS INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(Dollar amounts in thousands)**

	<b>Predecessor Three Months Ended March 31, 2010</b>	<b>Successor Three Months Ended March 31, 2011</b>
Operating activities:		
Consolidated net income	\$ 3,668	\$ 45,010
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Depreciation	20,998	24,993
Amortization	189	3,898
Non-cash restructuring	(18)	869
Reorganization items	23,333	
Amortization of debt issuance cost	8,429	306
Stock-based compensation expense	146	2,673
Gain on partial sale of joint venture		(11,423)
Changes in operating assets and liabilities	(113,489)	(87,922)
Net cash used in operating activities	(56,744)	(21,596)
Investing activities:		
Property, plant, and equipment	(12,021)	(16,155)
Acquisition of business, net of cash acquired		(6,413)
Proceeds from partial sale of joint venture		16,000
Proceeds from the sale of assets	3,754	340
Net cash used in investing activities	(8,267)	(6,228)
Financing activities:		
Payments on debtor-in-possession financing	(50,894)	
Increase (decrease) in short-term debt	403	(1,272)
Principal payments on long-term debt	(1,150)	(1,194)
Cash dividends paid		(1,768)
Other	65	29
Net cash used in financing activities	(51,576)	(4,205)
Effects of exchange rate changes on cash	1,626	(2,723)
Changes in cash and cash equivalents	(114,961)	(34,752)
Cash and cash equivalents at beginning of period	380,254	294,450
Cash and cash equivalents at end of period	\$ 265,293	\$ 259,698

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

## **Table of Contents**

### **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**(Dollar amounts in thousands except per share and share amounts)**

#### **1. Overview**

##### ***Basis of presentation***

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

On May 27, 2010 (the *Effective Date* ), the *Company* and certain of its U.S. and Canadian subsidiaries emerged from bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code (the *Bankruptcy Code* ) ( *Chapter 11* ). In accordance with the provisions of Financial Accounting Standards Board ( *FASB* ) Accounting Standards Codification ( *ASC* ) 852, *Reorganizations*, the *Company* adopted fresh-start accounting upon its emergence from Chapter 11 bankruptcy proceedings and became a new entity for financial reporting purposes as of June 1, 2010. Accordingly, the consolidated financial statements for the reporting entity subsequent to emergence from Chapter 11 bankruptcy proceedings (the *Successor* ) are not comparable to the consolidated financial statements for the reporting entity prior to emergence from Chapter 11 bankruptcy proceedings (the *Predecessor* ). The *Company*, when used in reference to the period subsequent to emergence from Chapter 11 bankruptcy proceedings, refers to the *Successor*, and when used in reference to periods prior to emergence from Chapter 11 bankruptcy proceedings, refers to the *Predecessor*. For further information, see Note 3, *Reorganization under Chapter 11 of the Bankruptcy Code*, and Note 4, *Fresh-Start Accounting*, to the consolidated financial statements included in the *Company*'s 2010 Annual Report on Form 10-K.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ( *SEC* ) for interim financial information and should be read in conjunction with the consolidated financial statements and notes thereto included in the *Company*'s 2010 Annual Report on Form 10-K, as filed with the SEC. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. These financial statements include all adjustments (consisting of normal, recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations of the *Company*. The operating results for the interim period ended March 31, 2011 are not necessarily indicative of results for the full year.

##### ***Recent accounting pronouncements***

In December 2010, the FASB issued Accounting Standards Update ( *ASU* ) 2010-28, *Intangibles—Goodwill and Other (Topic 350)*. This ASU modifies the first step of the goodwill impairment test to include reporting units with zero or negative carrying amounts. For these reporting units, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any; when it is more likely than not that a goodwill impairment exists. This ASU is effective for fiscal years and interim periods beginning after December 15, 2010. The *Company* has evaluated the ASU and does not believe it will have a material impact on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, *Business Combinations (Topic 805)*. This ASU specifies that if a company presents comparative financial statements, the company should disclose revenue and earnings of the combined entity as though the business combination that occurred during the year had occurred as of the beginning of the comparable prior annual reporting period only. The ASU also expands the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the pro forma revenue and earnings. This ASU is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Effective January 1, 2011, the *Company* adopted this ASU and will include all required disclosures in the notes to its consolidated financial statements, if applicable.

The FASB amended ASC 605, *Revenue Recognition*, with ASU 2009-13, *Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements*. If a revenue arrangement has multiple deliverables, this update requires the allocation of revenue to the separate deliverables based on relative selling prices. In addition, this update requires additional ongoing disclosures about an entity's multiple-element revenue arrangements. The provisions of this update were effective January 1, 2011. The effects of adoption were not significant.





**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****2. Acquisitions**

On March 28, 2011, the Company completed the acquisition of USi, Inc. from Ikyuo Co. Ltd. of Japan, based in Rockford, Tennessee, for cash consideration of \$6,500. USi Inc. provides an innovative hard coating process for use in automotive and industrial applications, which allows the Company to expand its technology capabilities. This acquisition was accounted for under ASC 850, *Business Combinations*, and the results of operations are included in the Company's condensed consolidated financial statements from the date of acquisition. The estimated fair value of certain assets and liabilities are preliminary and may change in the future as information becomes available from third party valuations. This acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

**3. Goodwill and Intangibles**

The changes in the carrying amount of goodwill by reportable operating segment for the three months ended March 31, 2011 are summarized as follows:

	<b>North America</b>	<b>International</b>	<b>Total</b>
Balance at January 1, 2011	\$ 115,384	\$ 21,616	\$ 137,000
Foreign exchange translation	140	1,076	1,216
Balance at March 31, 2011	\$ 115,524	\$ 22,692	\$ 138,216

Goodwill is not amortized but is tested annually for impairment, or when events or circumstances indicate that impairment may exist, by reporting units, which are determined in accordance with ASC 350, *Goodwill and Other Intangible Assets*.

The following table presents intangible assets and accumulated amortization balances of the Company as of December 31, 2010 and March 31, 2011, respectively:

	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Weighted Average Useful Life (Years)</b>
Customer relationships	\$ 140,124	\$ (8,035)	\$ 132,089	9.6
Developed technology	9,600	(938)	8,662	5.7
Other	8,979	(88)	8,891	
Balance at December 31, 2010	\$ 158,703	\$ (9,061)	\$ 149,642	9.2
Customer relationships	\$ 140,902	\$ (11,537)	\$ 129,365	9.4
Developed technology	9,886	(1,380)	8,506	5.5
Other	\$ 9,052	\$ (127)	8,925	
Balance at March 31, 2011	\$ 159,840	\$ (13,044)	\$ 146,796	8.9

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Amortization expense totaled \$3,898 and \$189 for the three months ended March 31, 2011 and 2010, respectively. Estimated amortization expense will total approximately \$15,700 for the year ending December 31, 2011.

### **4. Restructuring**

The Company implemented several restructuring initiatives in prior years in connection with the closure of facilities in North America, Europe and Asia. The Company commenced these initiatives prior to December 31, 2007 and continued to execute the closures through March 31, 2011. The majority of the costs associated with the closures were incurred shortly after the original implementation. However, the Company continues to incur costs related principally to the liquidation of the respective facilities. The total expense incurred for the three months ended March 31, 2011 and 2010 related to these actions amounted to \$5 and \$302, respectively.

In July 2008, the Company implemented a restructuring action and announced the closure of two manufacturing facilities, one located in Australia and the other located in Germany. Both closures were a result of changes in market demands and volume reductions and are substantially completed as of March 31, 2011. However, the Company will continue to incur costs until the facilities are sold. The estimated total cost of these initiatives is approximately \$21,600. The total expense incurred for the three months ended March 31, 2011 and 2010 related to these actions amounted to \$68 and \$(75), respectively.

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

During 2008, the Company commenced the initial phase of a reorganization ultimately involving the discontinuation of its global product line operating divisions, formerly called the Body & Chassis Systems division (which included the body sealing and AVS product lines) and the Fluid Systems division, and the establishment of a new operating structure organized on the basis of geographic regions. In the first quarter of 2009, the Company initiated the final phase of the reorganization of its operating structure, formally discontinuing its product line operating divisions and putting into place the new operating divisions based on geographic regions. The estimated cost of this initiative is approximately \$25,600. The following table summarizes the activity for this initiative for the three months ended March 31, 2011 and 2010:

	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
Balance at January 1, 2010	\$ 7,771	\$	\$	\$ 7,771
Expense	(236)			(236)
Cash payments	(2,451)			(2,451)
Balance at March 31, 2010	\$ 5,084	\$	\$	\$ 5,084
	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
Balance at January 1, 2011	\$ 2,777	\$	\$	\$ 2,777
Expense	1			1
Cash payments	(34)			(34)
Balance at March 31, 2011	\$ 2,744	\$	\$	\$ 2,744

The Company commenced several initiatives during 2009. These initiatives related to the reorganization or closure of operating facilities in South America, Europe and Asia Pacific. The estimated total cost associated with these actions amount to \$20,000. The following table summarizes the activity for these initiatives for the three months ended March 31, 2011 and 2010:

	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
Balance at January 1, 2010	\$ 4,215	\$ 56	\$	\$ 4,271
Expense	28	254	(21)	261
Cash payments	(1,723)	(284)		(2,007)
Utilization of reserve			21	21
Balance at March 31, 2010	\$ 2,520	\$ 26	\$	\$ 2,546

	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
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Balance at January 1, 2011	\$ 1,167	\$ 220	\$	\$ 1,387
Expense	88	268	846	1,202
Cash payments	(160)	(332)		(492)
Utilization of reserve			(846)	(846)
Balance at March 31, 2011	\$ 1,095	\$ 156	\$	\$ 1,251

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

In 2010, the Company initiated the closure of a facility and the consolidation of other facilities. The estimated total costs of these initiatives amount to \$3,100 and are expected to be completed in 2011. The following table summarizes the activity for these initiatives for the three months ended March 31, 2011.

	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
Balance at January 1, 2011	\$ 164	\$	\$	\$ 164
Expense	115	248	23	386
Cash payments	(279)	(248)		(527)
Utilization of reserve			(23)	(23)
Balance at March 31, 2011	\$	\$	\$	\$

In the first quarter of 2011, the Company initiated the closure of a facility in North America and announced the decision to establish a centralized shared services function in Europe. The estimated total costs of these initiatives amount to \$9,600 and are expected to be completed in 2011. The following table summarizes the activity for these initiatives for the three months ended March 31, 2011.

	<b>Employee Separation Costs</b>	<b>Other Exit Costs</b>	<b>Asset Impairments</b>	<b>Total</b>
Balance at January 1, 2011	\$	\$	\$	\$
Expense	1,312	1,630		2,942
Cash payments		(303)		(303)
Balance at March 31, 2011	\$ 1,312	\$ 1,327	\$	\$ 2,639

**5. Inventories**

Inventories are comprised of the following:

	<b>December 31, 2010</b>	<b>Successor March 31, 2011</b>
Finished goods	\$ 32,690	\$ 33,946
Work in process	27,223	34,285
Raw materials and supplies	62,130	67,441
	\$ 122,043	\$ 135,672

**6. Debt**

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Outstanding debt consisted of the following at March 31, 2011 and December 31, 2010:

	<b>December 31, 2010</b>	<b>Successor March 31, 2011</b>
Senior Notes	\$ 450,000	\$ 450,000
Other borrowings	26,723	25,202
<b>Total debt</b>	<b>\$ 476,723</b>	<b>\$ 475,202</b>
Less: Current portion of long-term debt	(19,965)	(19,152)
<b>Total long-term debt</b>	<b>\$ 456,758</b>	<b>\$ 456,050</b>

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)*****Senior ABL Facility***

The Senior ABL Facility provides for an aggregate revolving loan availability of up to \$125,000, subject to borrowing base availability, including a \$45,000 letter of credit sub-facility and a \$20,000 swing line sub-facility. The Senior ABL Facility also provides for an uncommitted \$25,000 incremental loan facility, for a potential total Senior ABL Facility of \$150,000 (if requested by the Borrowers and any existing lenders or new lenders agree to fund such increase). No consent of any lender (other than those participating in the increase) is required to effect any such increase. As of March 31, 2011, no amounts were drawn under the Senior ABL Facility, but there was approximately \$31,654 of letters of credit outstanding.

**7. Pension and Postretirement Benefits other than Pensions**

The following tables disclose the amount of net periodic benefit cost for the three months ended March 31, 2011 and 2010 for the Company's defined benefit plans and other postretirement benefit plans:

	<b>Pension Benefits</b>			
	<b>Predecessor</b>		<b>Successor</b>	
	<b>Three Months Ended March 31, 2010</b>		<b>Three Months Ended March 31, 2011</b>	
	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>
Service cost	\$ 601	\$ 543	\$ 526	\$ 621
Interest cost	3,767	1,744	3,687	1,759
Expected return on plan assets	(3,630)	(874)	(4,052)	(1,011)
Amortization of prior service cost and recognized actuarial loss	880	43	5	11
<b>Net periodic benefit cost</b>	<b>\$ 1,618</b>	<b>\$ 1,456</b>	<b>\$ 166</b>	<b>\$ 1,380</b>

	<b>Other Postretirement Benefits</b>	
	<b>Predecessor</b>	<b>Successor</b>
	<b>Three Months Ended March 31, 2010</b>	<b>Three Months Ended March 31, 2011</b>
Service cost	\$ 382	\$ 458
Interest cost	1,019	981
Amortization of prior service credit and recognized actuarial (gain) loss	(837)	1
Other	21	21
<b>Net periodic benefit cost</b>	<b>\$ 585</b>	<b>\$ 1,461</b>

**8. Income Taxes**

Under ASC 270, *Interim Reporting*, the Company is required to determine its effective tax rate each quarter based upon its estimated annual effective tax rate. The Company is also required to record the tax impact of certain unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur. In addition,



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jurisdictions with a projected loss for the year where no tax benefit can be recognized are excluded from the estimated annual effective tax rate.

The effective tax rate for the three months ended March 31, 2011, was 21% as compared to 67% for the three months ended March 31, 2010. The income tax rate for the three months ended March 31, 2011 varies from statutory rates due to income taxes on foreign earnings taxed at rates lower than the U.S. statutory rate, income in jurisdictions with no tax expense due to valuation allowance release, the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions to the extent not offset by other categories of income, tax credits, income tax incentives, withholding taxes, and other permanent items. Further, the Company's current and future provision for income taxes will be significantly impacted by the recognition of valuation allowances in certain countries, particularly the United States. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Accordingly, income taxes are impacted by the U.S. valuation allowance and the mix of earnings among jurisdictions.

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****9. Comprehensive Income and Equity**

On an annual basis, disclosure of comprehensive income is incorporated into the statement of stockholders' equity, which is not presented on a quarterly basis. The components of comprehensive income, net of related tax, are as follows:

	<b>Predecessor</b>			<b>Successor</b>		
	<b>Three Months Ended</b>			<b>Three Months Ended</b>		
	<b>March 31, 2010</b>			<b>March 31, 2011</b>		
	<b>Total</b>	<b>Cooper-Standard Holdings</b>	<b>Noncontrolling Interest</b>	<b>Total</b>	<b>Cooper-Standard Holdings</b>	<b>Noncontrolling Interest</b>
Net income	\$ 3,668	\$ 3,409	\$ 259	\$ 45,010	\$ 44,935	\$ 75
Currency translation adjustment	323	217	106	23,850	23,845	5
Pension and other postretirement benefits, net of tax	11	11		2,032	2,032	
Fair value change of derivatives, net of tax	(138)	(138)		(526)	(526)	
Comprehensive income:	\$ 3,864	\$ 3,499	\$ 365	\$ 70,366	\$ 70,286	\$ 80

The following table summarizes the Company's equity activity for the three months ended March 31, 2011:

	<b>Successor</b>		
	<b>Cooper-Standard Holdings Inc.</b>	<b>Noncontrolling Interest</b>	<b>Total Equity (Deficit)</b>
Equity at January 1, 2011	\$ 560,446	\$ 2,607	\$ 563,053
Net income	44,935	75	45,010
Preferred stock dividends	(1,842)		(1,842)
Other comprehensive gain	25,351	5	25,356
Stock-based compensation	2,279		2,279
Equity at March 31, 2011	\$ 631,169	\$ 2,687	\$ 633,856

**10. Net Income Per Share Attributable to Cooper-Standard Holdings Inc.**

Basic net income per share attributable to Cooper-Standard Holdings Inc. was computed using the two-class method by dividing net income attributable to Cooper-Standard Holdings Inc., after deducting dividends on the Company's 7% preferred stock and undistributed earnings allocated to participating securities, by the average number of common shares outstanding during the period excluding unvested restricted shares. The Company's shares of 7% preferred stock outstanding are considered participating securities.

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

A summary of information used to compute basic net income per share attributable to Cooper-Standard Holdings Inc. is shown below:

	<b>Successor Three Months Ended March 31, 2011</b>
Net Income attributable to Cooper-Standard Holdings Inc.	\$ 44,935
Less: Preferred stock dividends (paid or unpaid)	(1,842)
Less: Undistributed earnings allocated to participating securities	(8,560)
Net income available to Cooper-Standard Holdings Inc. common stockholders	\$ 34,533
Average shares of common stock outstanding	17,489,693
Basic net income per share attributable to Cooper-Standard Holdings Inc.	\$ 1.97

Diluted net income per share attributable to Cooper-Standard Holdings Inc. was computed using the treasury stock method dividing net income attributable to Cooper-Standard Holdings Inc. by the average number of shares of common stock outstanding, including the dilutive effect of common stock equivalents, using the average share price during the period. Diluted net income per share attributable to Cooper-Standard Holdings Inc. computed using the two-class method was anti-dilutive. A summary of information used to compute diluted net income per share attributable to Cooper-Standard Holdings Inc. is shown below:

	<b>Successor Three Months Ended March 31, 2011</b>
Net income available to Cooper-Standard Holdings Inc. common stockholders	\$ 34,533
Average common shares outstanding	17,489,693
Dilutive effect of:	
Common restricted stock	518,234
Preferred restricted stock	113,063
Warrants	1,057,555
Options	236,293
Average dilutive shares of common stock outstanding	19,414,838
Diluted net income per share attributable to Cooper-Standard Holdings Inc.	\$ 1.78

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The effect of including the convertible 7% preferred stock was excluded from the computation of weighted average diluted shares outstanding for the three months ended March 31, 2011, as inclusion would have resulted in antidilution. A summary of these preferred shares (as if converted), is shown below:

	Successor Three Months Ended March 31, 2011
Preferred shares, as if converted	4,335,188
Preferred dividends and undistributed earnings allocated to participating securities that would be added back in the diluted calculation.	\$ 10,402

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****11. Redeemable Preferred Stock**

The following table summarizes the Company's 7% preferred stock activity for the three months ended March 31, 2011:

	<b>Preferred Shares</b>	<b>Successor Preferred Stock</b>
Preferred Stock at January 1, 2011	1,052,444	\$ 130,339
Stock-based compensation		394
Preferred Stock at March 31, 2011	1,052,444	\$ 130,733

**12. Stock-Based Compensation**

The Company measures stock-based compensation expense at fair value in accordance with the provisions of GAAP and recognizes such expense over the vesting period of the stock-based employee awards.

***Predecessor***

Prior to the Effective Date, the Company established the 2004 Cooper-Standard Holdings Inc. Stock Incentive Plan ( "Stock Incentive Plan" ), which permitted the granting of nonqualified and incentive stock options, stock appreciation rights, restricted stock and other stock-based awards to employees and directors. In addition, in December 2006 the Company established the Management Stock Purchase Plan, which provided participants the opportunity to purchase Company stock units. On the Effective Date, outstanding awards under the Stock Incentive Plan and Management Stock Purchase Plan were cancelled in accordance with the terms of the Plan of Reorganization. Total compensation expense recognized under these plans amounted to \$146 for the three months ended March 31, 2010.

***Successor***

**Stock Options.** On the Effective Date, 780,566 options to purchase common stock were issued, and on the day after the Effective Date, 58,386 options were granted, all with an exercise price of \$25.52. The weighted average grant-date fair value of these options is \$11.42. All options were outstanding as of March 31, 2011, and no options were cancelled, forfeited, exercised or vested. Stock option awards are granted at the fair market value of the Company's stock price at the date of the grant and have a 10 year term. The stock option grants vest over three or four years from the date of grant. Total compensation expense recognized for stock options amounted to \$616 for the three months ended March 31, 2011. As of March 31, 2011, unrecognized compensation expense for stock options amounted to \$7,474.

**Restricted Common Shares.** On the Effective Date, 861,971 restricted shares of common stock were granted, and on the day after the Effective Date, 26,448 restricted shares were granted. All restricted shares of common stock were outstanding as of March 31, 2011 and no restricted shares of common stock were cancelled, forfeited or vested. The fair value of the restricted shares of common stock is determined based on the closing sales price of the common stock on the date of grant. The weighted average grant date fair value of these shares is \$25.52. The restricted shares of common stock vest over three and four years. Total compensation expense recognized for restricted shares of common stock amounted to \$1,663 for the three months ended March 31, 2011. As of March 31, 2011, unrecognized compensation expense for restricted shares of common stock amounted to \$17,071.

**Restricted Preferred Stock.** On the Effective Date, 41,664 restricted preferred stock shares were granted, and they vest over three or four years from the date of grant. On July 19, 2010, the Company paid a stock dividend of 435 restricted preferred shares on the 41,664 restricted preferred stock shares outstanding. The fair value of the restricted preferred stock is determined based on the fair market value of the 7% preferred stock

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on the date of grant. As of March 31, 2011, there were 42,099 restricted preferred stock shares outstanding, which are convertible into 180,637 shares of common stock. The weighted average grant date fair value of these shares is \$127.77. No restricted preferred stock shares were cancelled, forfeited or converted during the three months ended March 31, 2011. Total compensation expense recognized for restricted preferred stock totaled \$394 for the three months ended March 31, 2011. As of March 31, 2011, unrecognized compensation expense for restricted preferred stock amounted to \$4,066.

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****13. Other Income (Expense)**

The components of other income (expense) are as follows:

	<b>Predecessor Three Months Ended March 31, 2010</b>	<b>Successor Three Months Ended March 31, 2011</b>
Foreign currency gains (losses)	\$ (6,653)	\$ 3,212
Loss on sale of receivables	(203)	(274)
Gain on partial sale of joint venture (Note 14)		11,423
Miscellaneous expense		(289)
<b>Other income (expense)</b>	<b>\$ (6,856)</b>	<b>\$ 14,072</b>

**14. Related Party Transactions**

Sales to NISCO, a 40% owned joint venture, totaled \$8,661 and \$7,299 in the three months ended March 31, 2011 and 2010, respectively. In March 2011, the Company received from NISCO a dividend of \$4,750 all of which was related to earnings. In March 2011, the Company sold a 10% ownership interest in NISCO for \$16,000. As a result of this transaction the ownership percentage has decreased from 50% to 40%, and a gain of \$11,423 was recognized in other income in the condensed consolidated financial statements.

Purchases of materials from Guyoung Technology Co. Ltd, a Korean corporation of which the Company owns approximately 20% of the common stock, totaled \$859 and \$2,216 in the three months ended March 31, 2011 and 2010, respectively.

**15. Business Segments**

ASC 280, *Segment Reporting*, establishes the standards for reporting information about operating segments in financial statements. In applying the criteria set forth in ASC 280, the Company has determined that it operates in two segments. The Company's principal product lines are body and chassis products and fluid handling products.

The Company evaluates segment performance based on segment profit before tax. The results of each segment include certain allocations for general, administrative, interest, and other shared costs. The following table details information on the Company's business segments:

	<b>Predecessor Three Months Ended March 31, 2010</b>	<b>Successor Three Months Ended March 31, 2011</b>
<b>Sales to external customers</b>		
North America	\$ 297,144	\$ 358,841
International	299,180	329,931
<b>Consolidated</b>	<b>\$ 596,324</b>	<b>\$ 688,772</b>

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Intersegment sales			
North America	\$	1,176	\$ 1,447
International		1,797	2,281
Eliminations and other		(2,973)	(3,728)
Consolidated	\$		\$

Segment profit (loss)			
North America	\$	11,327	\$ 54,250
International		(371)	3,038
Income before income taxes	\$	10,956	\$ 57,288

Restructuring cost included in segment profit (loss)			
North America	\$	175	\$ 1,683
International		77	2,921
Consolidated	\$	252	\$ 4,604



**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

	<b>Successor</b>	
	<b>December 31, 2010</b>	<b>March 31, 2011</b>
Segment assets		
North America	\$ 763,401	\$ 804,278
International	878,161	971,524
Eliminations and other	212,214	171,928
Consolidated	\$ 1,853,776	\$ 1,947,730

**16. Guarantor and Non-Guarantor Subsidiaries**

In connection with the May 27, 2010 Reorganization of the Company, Cooper-Standard Automotive Inc. (the **Issuer**), a wholly-owned subsidiary, issued Senior Notes with a total principal amount of \$450,000. Cooper-Standard Holdings Inc. and all wholly-owned domestic subsidiaries of Cooper-Standard Automotive Inc. (the **Guarantors**) unconditionally guarantee the notes. The following condensed consolidated 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 Senior 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.

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS****For the Three Months Ended March 31, 2010****Predecessor**

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
	(dollars in millions)					
Sales	\$	\$ 104.2	\$ 130.5	\$ 387.6	\$ (26.0)	\$ 596.3
Cost of products sold		89.9	102.9	325.0	(26.0)	491.8
Selling, administration, & engineering expenses		24.8	4.8	23.4		53.0
Amortization of intangibles		0.1		0.1		0.2
Restructuring		0.1	0.1	0.1		0.3
Operating profit (loss)		(10.7)	22.7	39.0		51.0
Interest expense, net of interest income		(6.5)		(5.3)		(11.8)
Equity earnings			1.6	0.4		2.0
Reorganization items, net		(22.9)		(0.4)		(23.3)
Other income (expense), net		0.1	0.1	(7.1)		(6.9)
Income (loss) before income taxes		(40.0)	24.4	26.6		11.0
Provision for income tax expense (benefit)		6.6	(4.0)	4.7		7.3
Income (loss) before equity in income of subsidiaries		(46.6)	28.4	21.9		3.7
Equity in net income of subsidiaries	3.7	50.3			(54.0)	
Consolidated net income	3.7	3.7	28.4	21.9	(54.0)	3.7
Less: Net income attributable to noncontrolling interest				(0.3)		(0.3)
Net Income attributable to Cooper-Standard Holdings Inc.	\$ 3.7	\$ 3.7	\$ 28.4	\$ 21.6	\$ (54.0)	\$ 3.4

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS****For the Three Months Ended March 31, 2011****Successor**

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
	(dollars in millions)					
Sales	\$	\$ 125.2	\$ 156.5	\$ 440.3	\$ (33.2)	\$ 688.8
Cost of products sold		102.7	130.8	367.7	(33.2)	568.0

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Selling, administration, & engineering expenses	28.1	(1.4)	34.2	60.9
Amortization of intangibles	2.8		1.1	3.9
Restructuring	0.1	1.7	2.8	4.6
Operating profit (loss)	(8.5)	25.4	34.5	51.4
Interest expense, net of interest income	(8.8)		(1.1)	(9.9)
Equity earnings		0.8	0.9	1.7
Other income (expense), net	12.2	12.1	(10.2)	14.1
Income (loss) before income taxes	(5.1)	38.3	24.1	57.3
Provision for income tax expense (benefit)	(0.5)	4.0	8.8	12.3
Income (loss) before equity in income of subsidiaries	(4.6)	34.3	15.3	45.0
Equity in net income of subsidiaries	45.0	49.6		(94.6)
Consolidated net income	45.0	45.0	34.3	15.3
Less: Net income attributable to noncontrolling interest			(0.1)	(0.1)
Net Income attributable to Cooper-Standard Holdings Inc.	\$ 45.0	\$ 45.0	\$ 34.3	\$ 15.2
				\$ (94.6)
				\$ 44.9

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****CONDENSED CONSOLIDATING BALANCE SHEET****December 31, 2010****Successor**

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
(dollars in millions)						
ASSETS						
Current assets:						
Cash and cash equivalents	\$	\$ 163.0	\$	\$ 131.5	\$	\$ 294.5
Accounts receivable, net		54.3	72.6	254.0		380.9
Inventories		17.4	28.3	76.3		122.0
Prepaid expenses		4.3	0.6	15.2		20.1
Other		16.4	(5.2)	29.6		40.8
Total current assets		255.4	96.3	506.6		858.3
Investments in affiliates and intercompany accounts, net	560.5	384.5	934.5	(206.6)	(1,623.8)	49.1
Property, plant, and equipment, net		68.1	71.5	449.9		589.5
Goodwill		111.1		25.9		137.0
Other assets		105.7	(8.5)	122.7		219.9
	\$ 560.5	\$ 924.8	\$ 1,093.8	\$ 898.5	\$ (1,623.8)	\$ 1,853.8
LIABILITIES & EQUITY						
Current liabilities:						
Debt payable within one year	\$	\$	\$	\$ 19.9	\$	\$ 19.9
Accounts payable		34.2	25.5	116.3		176.0
Accrued liabilities		79.8	11.2	121.6		212.6
Total current liabilities		114.0	36.7	257.8		408.5
Long-term debt		450.0		6.8		456.8
Other		153.7	5.9	135.5		295.1
Preferred stock		130.3				130.3
Total Cooper-Standard Holdings Inc. stockholders' equity	560.5	76.8	1,051.2	495.8	(1,623.8)	560.5
Noncontrolling interest				2.6		2.6
Total equity	560.5	76.8	1,051.2	498.4	(1,623.8)	563.1
Total liabilities and equity	\$ 560.5	\$ 924.8	\$ 1,093.8	\$ 898.5	\$ (1,623.8)	\$ 1,853.8

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****CONDENSED CONSOLIDATING BALANCE SHEET****March 31, 2011****Successor**

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
(dollars in millions)						
ASSETS						
Current assets:						
Cash and cash equivalents	\$	\$ 140.7	\$	\$ 119.0	\$	\$ 259.7
Accounts receivable, net		77.9	91.9	329.9		499.7
Inventories		18.5	27.0	90.2		135.7
Prepaid expenses		5.1	0.5	15.8		21.4
Other		14.5	(5.8)	18.6		27.3
Total current assets		256.7	113.6	573.5		943.8
Investments in affiliates and intercompany accounts, net	631.2	361.5	960.0	(208.3)	(1,702.8)	41.6
Property, plant, and equipment, net		67.6	69.6	471.0		608.2
Goodwill		111.1		27.1		138.2
Other assets		101.8	(3.6)	117.7		215.9
	\$ 631.2	\$ 898.7	\$ 1,139.6	\$ 981.0	\$ (1,702.8)	\$ 1,947.7
LIABILITIES & EQUITY						
Current liabilities:						
Debt payable within one year	\$	\$	\$	\$ 19.2	\$	\$ 19.2
Accounts payable		41.0	38.6	144.1		223.7
Accrued liabilities		70.1	9.6	126.0		205.7
Total current liabilities		111.1	48.2	289.3		448.6
Long-term debt		450.0		6.1		456.1
Other		129.7	5.9	142.8		278.4
Preferred stock		130.7				130.7
Total Cooper-Standard Holdings Inc. stockholders equity	631.2	77.2	1,085.5	540.1	(1,702.8)	631.2
Noncontrolling interest				2.7		2.7
Total equity	631.2	77.2	1,085.5	542.8	(1,702.8)	633.9
Total liabilities and equity	\$ 631.2	\$ 898.7	\$ 1,139.6	\$ 981.0	\$ (1,702.8)	\$ 1,947.7

Table of Contents

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

(Dollar amounts in thousands except per share and share amounts)

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Three Months Ended March 31, 2010

Predecessor

	Parent	Issuer	Guarantors	Non-Guarantors (dollars in millions)	Eliminations	Consolidated Totals
<b>OPERATING ACTIVITIES</b>						
Net cash used in operating activities	\$	\$ (4.8)	\$ (0.6)	\$ (51.3)	\$	\$ (56.7)
<b>INVESTING ACTIVITIES</b>						
Property, plant, and equipment		(1.8)	(2.8)	(7.4)		(12.0)
Fixed asset proceeds			3.5	0.2		3.7
Net cash provided by (used in) investing activities		(1.8)	0.7	(7.2)		(8.3)
<b>FINANCING ACTIVITIES</b>						
Decrease in short-term debt				(50.5)		(50.5)
Principal payments on long-term debt		(0.2)		(0.9)		(1.1)
Other		2.1		(2.1)		
Net cash provided by (used in) financing activities		1.9		(53.5)		(51.6)
Effects of exchange rate changes on cash		(0.3)		1.9		1.6
Changes in cash and cash equivalents		(5.0)	0.1	(110.1)		(115.0)
Cash and cash equivalents at beginning of period		91.5	0.7	288.1		380.3
Cash and cash equivalents at end of period	\$	\$ 86.5	\$ 0.8	\$ 178.0	\$	\$ 265.3
Depreciation and amortization	\$	\$ 3.9	\$ 3.9	\$ 13.4	\$	\$ 21.2

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Three Months Ended March 31, 2011

Successor

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated Totals
	(dollars in millions)					
OPERATING ACTIVITIES						
Net cash provided by (used in) operating activities	\$ 1.8	\$ (1.0)	(13.7)	\$ (8.7)	\$	\$ (21.6)
INVESTING ACTIVITIES						

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Property, plant, and equipment	(3.0)	(2.6)	(10.5)	(16.1)
Acquisition of business, net of cash acquired			(6.4)	(6.4)
Proceeds from partial sale of joint venture		16.0		16.0
Fixed asset proceeds		0.3		0.3
Net cash provided by (used in) investing activities	(3.0)	13.7	(16.9)	(6.2)
<b>FINANCING ACTIVITIES</b>				
Decrease in short-term debt			(1.3)	(1.3)
Principal payments on long-term debt			(1.2)	(1.2)
Other	(1.8)	(18.3)	18.4	(1.7)
Net cash provided by (used in) financing activities	(1.8)	(18.3)	15.9	(4.2)
Effects of exchange rate changes on cash			(2.8)	(2.8)
Changes in cash and cash equivalents	(22.3)		(12.5)	(34.8)
Cash and cash equivalents at beginning of period		163.0	131.5	294.5
Cash and cash equivalents at end of period	\$	\$ 140.7	\$ 119.0	\$ 259.7
<b>Depreciation and amortization</b>	\$	\$ 7.2	\$ 3.9	\$ 17.8
				\$ 28.9

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)****17. Financial Instruments**

Fair values of the Senior Notes approximated \$486,000 and \$477,563 at March 31, 2011 and December 31, 2010, respectively, based on quoted market prices, compared to the recorded values of \$450,000.

***Derivative Instruments and Hedging Activities***

The Company uses derivative financial instruments, including forwards and swap contracts to manage its exposures to fluctuations in foreign exchange, interest rates and commodity prices. For a fair value hedge both the effective and ineffective, if significant, portions are recorded in earnings and reflected in the consolidated statement of operations. For a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded in accumulated other comprehensive income in the condensed consolidated balance sheet. The ineffective portion, if significant, is recorded in other income or expense. When the underlying hedged transaction is realized or the hedged transaction is no longer probable, the gain or loss included in accumulated other comprehensive income is recorded in earnings and reflected in the condensed consolidated statement of operations on the same line as the gain or loss on the hedged item attributable to the hedged risk.

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 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. Derivatives are recorded at fair value in other current assets and other current liabilities.

***Cash Flow Hedges***

**Forward foreign exchange contracts** The Company enters into forward contracts to hedge currency risk of the U.S. Dollar against the Mexican Peso, Canadian Dollar and the Euro against the Czech Koruna, Polish Zloty and the U.S. Dollar. The forward contracts are used to mitigate the potential volatility to earnings and cash flow arising from changes in currency exchange rates that impact the Company's foreign currency transactions. The gain or loss on the forward contracts is reported as a component of other comprehensive income ( OCI ) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The amount reclassified from accumulated other comprehensive income ( AOCI ) into cost of products sold was \$134 for the three months ended March 31, 2011. A summary of the outstanding contracts and the respective notional amounts is below:

		Notional Amount	Notional Amount (local currency)
Mexican peso	USD	5,200	63,780
United States Dollar	CAD	16,521	16,600
Czech Koruna	EUR	7,488	184,000
Polish Zloty	EUR	6,877	27,173
United States Dollar	EUR	7,100	9,549

At March 31, 2011, the fair value before taxes of the Company's forward exchange contracts and the accounts in the condensed consolidated balance sheet in which the fair value amounts are included are shown below:

Successor  
March 31, 2011  
Asset/(liability)



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Other current assets	\$	143
Accrued liabilities		(1,006)
	\$	(863)

**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

**Interest rate swaps** The Company has an interest rate swap contract to manage cash flow fluctuations of variable rate debt due to changes in market interest rates. This contract which fixes the interest payment of a certain variable rate debt instrument is accounted for as a cash flow hedge. As of March 31, 2011, the USD notional amount of this contract was \$5,886. At March 31, 2011, the fair value before taxes of the Company's interest rate swap contract was \$207 and is recorded in accrued liabilities and other long-term liabilities in the Company's consolidated balance sheet with the offset reflected in AOCI, net of deferred taxes. The amount reclassified from AOCI into interest expense for this swap was \$51 and \$61 for the three months ended March 31, 2011 and 2010, respectively. The amount to be reclassified in the next twelve months is expected to be approximately \$146. The maturity date of this swap contract is September 2013.

**Fair Value Measurements**

ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

*Level 1:* Observable inputs such as quoted prices in active markets;

*Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

*Level 3:* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Estimates of the fair value of foreign currency and commodity derivative instruments are determined using exchange traded prices and rates. The Company also considers the risk of non-performance in the estimation of fair value, and includes an adjustment for non-performance risk in the measure of fair value of derivative instruments. In certain instances where market data is not available, the Company uses management judgment to develop assumptions that are used to determine fair value. Fair value measurements and the fair value hierarchy level for the Company's liabilities measured or disclosed at fair value on a recurring basis as of March 31, 2011 and December 31, 2010, are shown below:

<b>Successor - December 31, 2010</b>				
<b>Contract</b>	<b>Asset (Liability)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Interest rate swap	\$ (300)	\$	\$	\$ (300)
Total	\$ (300)	\$	\$	\$ (300)

  

<b>Successor - March 31, 2011</b>				
<b>Contract</b>	<b>Asset (Liability)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Interest rate swap	\$ (207)	\$	\$	\$ (207)
Forward foreign exchange contracts	(863)			(863)
Total	\$ (1,070)	\$	\$	\$ (1,070)



**Table of Contents****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****(Dollar amounts in thousands except per share and share amounts)**

A reconciliation of changes in assets and liabilities related to derivative instruments measured at fair value using the market and income approach adjusted for the Company and their counterparty's credit risks for the three months ended March 31, 2011, is shown below:

	<b>Net Derivative Liabilities</b>
Beginning Balance as of January 1, 2011	\$ (300)
Total losses (realized or unrealized) included in earnings (or changes in net liabilities)	185
Included in other comprehensive income	(770)
Settlements	(185)
Ending Balance as of March 31, 2011	\$ (1,070)

The amount of total (gains) or losses for the period included in earnings (or changes in net liabilities) attributable to the change in unrealized (gains) or losses relating to assets still held at the reporting date	\$
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(Gains) and losses (realized and unrealized) included in earnings (or changes in net liabilities) for the period (above) are reported in cost of products sold and other income (expense):

	<b>Successor Three Months Ended March 31, 2011</b>
Total losses included in earnings (or changes in net liabilities) for the period (above)	\$ 185
Change in unrealized losses relating to assets still held at the reporting date	

*Items measured at fair value on a non-recurring basis*

In addition to items that are measured at fair value on a recurring basis, the Company measures certain assets and liabilities at fair value on a non-recurring basis, which are not included in the table above. As these non-recurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy. For further information on assets and liabilities measured at fair value on a non-recurring basis, see Note 2. Acquisitions and Note 4. Restructuring.

**18. Accounts Receivable Factoring**

As a part of its working capital management, the Company sells certain receivables through third party financial institutions without recourse. The amount sold varies each month based on the amount of underlying receivables and cash flow needs of the Company.

At March 31, 2011 and 2010, the Company had \$42,595 and \$37,579, respectively, outstanding under receivable transfer agreements entered into by various locations. For the three months ended March 31, 2011 and 2010, total accounts receivable factored was \$24,736 and \$22,538,

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respectively. The Company incurred a loss on the sale of receivables for the three months ended March 31, 2011 and 2010 of \$274 and \$203, respectively; this amount is recorded in other income (expense) in the condensed consolidated statements of operations. The Company continues to service the receivables for one of the locations. These are permitted transactions under the Company's credit agreement. The Company is also pursuing similar arrangements in various locations.

**Table of Contents**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Unaudited)**

**(Dollar amounts in thousands except per share and share amounts)**

**19. Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On May 2, 2011, the Company signed an agreement with Fonds de Modernisation des Equipementiers Automobiles (FMEA) to establish a joint venture that will combine the Company's French body sealing operations and the operations of Société des Polymères Barre-Thomas (SPBT). SPBT is a French supplier of anti-vibration systems and low pressure hoses, as well as body sealing products, which FMEA will acquire as a preliminary step to the joint venture transaction. The joint venture entity, to be named Cooper Standard France, will be owned 51 percent by Cooper Standard and 49 percent by the FMEA.

## **Table of Contents**

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

This Management's Discussion and Analysis of Financial Condition and Results of Operations ( MD&A ) presents information related to the condensed consolidated results of operations of the Company, including the impact of restructuring costs on the Company's results, a discussion of the past results and future outlook of each of the Company's segments, and information concerning both the liquidity and capital resources of the Company. The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the notes included elsewhere in this report, 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 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 Forward-Looking Statements ) and in our most recently filed Annual Report on Form 10-K (see Item 1A. Risk Factors).

### **Business Environment and Outlook**

Our business is directly affected by the automotive build rates in North America and Europe. It is also becoming increasingly impacted by build rates in Brazil and Asia Pacific. New vehicle demand is driven by macro-economic and other factors, such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends, government incentives such as cash for clunkers and tax incentives. IHS Automotive's April 2011 expected annualized light vehicle production volumes for 2011 are 13.1 million units in North America, while Europe's volumes are expected to be 19.4 million units.

According to IHS Automotive, actual North American light vehicle production volumes for the three months ended March 31, 2011 were 3.3 million compared to 2.9 million for the three months ended March 31, 2010, an increase of approximately 15.6%, and European light vehicle production volumes for the three months ended March 31, 2011 were 5.1 million compared to 4.7 million for the three months ended March 31, 2010, an increase of approximately 7.8%. According to IHS Automotive, North America and Europe light vehicle production volumes in the second quarter of 2011 is estimated at 3 million and 4.6 million units, respectively, which is a 0.1 million unit decrease for North America and a 0.4 million unit decrease for Europe, compared to the second quarter of 2010.

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

OEMs have shifted some research and development, design and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design and manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on, or assume the product design and development of, key automotive components, and to provide innovative solutions to meet evolving technologies aimed at improved emissions and fuel economy.

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

**Table of Contents****Results of Operations**

As a result of our emergence from Chapter 11 bankruptcy proceedings on May 27, 2010, and the adoption of fresh-start accounting on May 31, 2010, in accordance with ASC 852, Reorganizations, Cooper Standard Holdings Inc. is considered a new entity for financial reporting purposes. Accordingly, our financial statements for the first quarter 2011 are designated Successor and our financial statements for the first quarter 2010 are designated Predecessor. The effects of emergence and fresh-start accounting did not have a material impact on the comparability of our results of operations between the periods, except as discussed below (dollar amounts in thousands except per share amounts).

	<b>Predecessor Three Months Ended March 31, 2010</b>	<b>Successor Three Months Ended March 31, 2011</b>
Sales	\$ 596,324	\$ 688,772
Cost of products sold	491,820	568,006
Gross profit	104,504	120,766
Selling, administration & engineering expenses	53,067	60,851
Amortization of intangibles	189	3,898
Restructuring	252	4,604
Operating profit	50,996	51,413
Interest expense, net of interest income	(11,811)	(9,906)
Equity earnings	1,960	1,709
Reorganization items, net	(23,333)	
Other income (expense), net	(6,856)	14,072
Income before income taxes	10,956	57,288
Provision for income tax expense	7,288	12,278
Consolidated net income	3,668	45,010
Less: Net income attributed to noncontrolling interests	(259)	(75)
Net income attributable to Cooper-Standard Holdings Inc.	\$ 3,409	\$ 44,935
Net income available to Cooper-Standard Holdings Inc. common stockholders		\$ 34,533
Basic net income per share attributable to Cooper-Standard Holdings Inc.		\$ 1.97
Diluted net income per share attributable to Cooper-Standard Holdings Inc.		\$ 1.78

**Three Months Ended March 31, 2011 Compared with Three Months Ended March 31, 2010**

**Sales.** Our sales increased to \$688.8 million in the first quarter of 2011 from \$596.3 million in the first quarter of 2010, an increase of \$92.5 million, or 15.5%. The improvement is a result of an increase in volumes in most regions. In addition, foreign currency exchange had a net favorable impact on sales of \$7.2 million.

**Gross Profit.** Gross profit increased \$16.3 million from \$104.5 million in the first quarter of 2010 to \$120.8 million in the first quarter of 2011. As a percentage of sales, gross profit was 17.5% of sales for both 2011 and 2010. The improved gross profit is a result of the increase in volumes in most regions and our lean savings, partially offset by higher raw material costs.



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*Selling, Administration and Engineering.* Selling, administration and engineering expense as a percentage of sales remained relatively flat at 8.8% for the first quarter of 2011 compared to 8.9% for the first quarter of 2010.

*Amortization of Intangibles.* Amortization of intangibles was \$3.9 million in the first quarter of 2011, as compared to \$0.2 million in the first quarter of 2010, as a result of intangible assets recognized in connection with the adoption of fresh-start accounting in 2010.

*Restructuring.* Restructuring charges increased \$4.3 million to \$4.6 million in the first quarter of 2011 compared to \$0.3 million in the first quarter of 2010. This increase is due primarily to initiatives that were announced in the first quarter of 2011 for the closure of a facility in North America and the decision to establish a centralized shared services function in Europe.

*Interest Expense, Net.* Net interest expense in the first quarter of 2011 resulted primarily from interest and debt issue amortization recorded on the Senior Notes as compared to interest and debt issue amortization recorded on the debtor-in-possession financing in the first quarter of 2010.

**Table of Contents**

*Other Income (Expense).* Other income increased \$20.9 million in the first quarter of 2011 compared to the first quarter of 2010 due primarily to a gain on the partial sale of ownership in our NISCO joint venture of \$11.4 million and an increase in foreign currency gains of \$9.9 million, partially offset by an increase in miscellaneous expense and loss on sale of receivables of \$0.4 million.

*Provision for Income Tax Expense.* For the three months ended March 31, 2011, we recorded income tax provision of \$12.3 million on earnings before income taxes of \$57.3 million. This compares to an income tax provision of \$7.3 million on earnings before income taxes of \$11 million for the same period of 2010. Income tax expense for the three months ended March 31, 2011 differs from statutory rates due to income taxes on foreign earnings taxed at rates lower than the U.S. statutory rate, income in jurisdictions with no tax expense due to valuation allowance release, the inability to record a tax benefit for pre-tax losses in certain foreign jurisdictions to the extent not offset by other categories of income, tax credits, income tax incentives, withholding taxes, and other permanent items. Further, our current and future provision for income taxes will be significantly impacted by the recognition of valuation allowances in certain countries, particularly the United States. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Accordingly, income taxes are impacted by the U.S. valuation allowance and the mix of earnings among jurisdictions.

**Segment Results of Operations**

The following table presents sales and segment profit (loss) for each of the reportable segments for the quarters ended March 31, 2011 and 2010:

	<b>Predecessor Three Months Ended March 31, 2010</b>	<b>Successor Three Months Ended March 31, 2011</b>
Sales to external customers		
North America	\$ 297,144	\$ 358,841
International	299,180	329,931
Consolidated	\$ 596,324	\$ 688,772
Segment profit (loss)		
North America	\$ 11,327	\$ 54,250
International	(371)	3,038
Income before income taxes	\$ 10,956	\$ 57,288

**Three Months Ended March 31, 2011 Compared with Three Months Ended March 31, 2010**

*North America.* Sales increased \$61.7 million, or 20.8%, primarily due to an increase in sales volume and favorable foreign exchange of \$5.4 million. Segment profit increased by \$42.9 million, primarily due to an increase in volume, favorable impact of our lean savings and the gain on the partial sale of ownership in a joint venture, partially offset by increased compensation costs as volumes continue to improve, slightly higher raw material costs and higher depreciation and amortization resulting from the adoption of fresh-start accounting in 2010. In addition, 2010 included costs associated with the reorganization.

*International.* Sales increased \$30.8 million, or 10.3%, primarily due to an increase in volume and favorable foreign exchange of \$1.8 million. Segment profit improved by \$3.4 million, primarily due to an increase in volumes in Europe and Asia Pacific and the favorable impact of our lean savings, partially offset by increased compensation costs as volumes continue to improve, slightly higher raw material costs and higher depreciation and amortization resulting from the adoption of fresh-start accounting in 2010. In addition, 2010 included costs associated with the reorganization.

**Restructuring**

We continually evaluate alternatives in an effort to align our business with the changing needs of our customers and lower the operating cost of our Company. This may include the realignment of our existing manufacturing capacity, facility closures, or similar actions. See the Note. 4. Restructuring to Condensed Consolidated Financial Statements for discussion of restructuring activities during the three months ended

March 31, 2011.

## **Table of Contents**

### **Liquidity and Capital Resources**

#### ***Short and Long-Term Liquidity Considerations and Risks***

We intend to fund our ongoing capital and working capital requirements through a combination of cash flows from operations and borrowings under our Senior ABL Facility. We anticipate that funds generated by operations and funds available under our Senior ABL Facility will be sufficient to meet working capital requirements for the next 12 months. For additional information, see Note 6. Debt to the condensed consolidated financial statements.

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

#### ***Cash Flows***

*Operating Activities.* Net cash used in operations was \$21.6 million for the three months ended March 31, 2011, which included \$87.9 million of changes in operating assets and liabilities. Net cash used in operations was \$56.7 million for the three months ended March 31, 2010, which included \$113.5 million of changes in operating assets and liabilities.

*Investing Activities.* Net cash used in investing activities was \$6.2 million for the three months ended March 31, 2011, which consisted of \$16.1 million of capital spending and \$6.4 million related to the acquisition of USi Inc., offset by proceeds from the partial sale of a joint venture of \$16 million and sale of assets of \$0.3 million. Net cash used in investing activities was \$8.3 million for the same period in 2010, which consisted of \$12 million of capital spending offset by proceeds from sale of assets of \$3.7 million. We anticipate that we will spend approximately \$95 to \$105 million on capital expenditures in 2011.

*Financing Activities.* Net cash used in financing activities totaled \$4.2 million for the three months ended March 31, 2011, which consisted primarily of a decrease in short-term debt of \$1.3 million, payments on long-term debt of \$1.2 million and payment of cash dividends of \$1.7 million. Net cash used by financing activities totaled \$51.6 million for the three months ended March 31, 2010, which consisted primarily of payments on debtor-in-possession financings of \$50.9 million and payments on long-term debt of \$1.2 million, partially offset by an increase in short-term debt.

### **Non-GAAP Financial Measures**

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

because similar measures are utilized in the calculation of the financial covenants and ratios contained in our financing arrangements;

in developing our internal budgets and forecasts;

as a significant factor in evaluating our management for compensation purposes;

in evaluating potential acquisitions;

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in comparing our current operating results with corresponding historical periods and with the operational performance of other companies in our industry; and

in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company.

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

**Table of Contents**

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

they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;

they do not reflect changes in, or cash requirements for, our working capital needs;

they do not reflect interest expense or cash requirements necessary to service interest or principal payments under our Senior Notes and Senior ABL Facility;

they do not reflect certain tax payments that may represent a reduction in cash available to us;

although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and

other companies, including companies in our industry, may calculate these measures differently and, as the number of differences in the way companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

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

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

	Successor Three Months Ended March 31, 2011
Net income	\$ 44.9
Provision for income tax expense	12.3
Interest expense, net of interest income	9.9
Depreciation and amortization	28.9
EBITDA	\$ 96.0
Restructuring <sup>(1)</sup>	4.6
Stock-based compensation <sup>(2)</sup>	2.7
Net gain on partial sale of joint venture <sup>(3)</sup>	(11.4)

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Adjusted EBITDA	\$	91.9
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- (1) Includes non-cash restructuring.
- (2) Non-cash stock amortization expense and non-cash stock option expense for grants issued at emergence from bankruptcy.
- (3) Net gain on partial sale of ownership percentage in joint venture.

### **Recent Accounting Pronouncements**

See Note 1 to the condensed consolidated financial statements included elsewhere in this Form 10-Q.

## **Table of Contents**

### **Forward-Looking Statements**

This report includes what the Company believes are forward-looking statements as that term is defined under the Private Securities Litigation Reform Act of 1995. 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. When used in this report, the words estimates, expects, anticipates, projects, plans, intends, believes, forecasts, or future or conditional verbs, such as will, should, could, or may, and variations of such words or similar expressions 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.

Such risks, uncertainties, and other important factors include, among others: the ability to maintain contracts and suppliers and customer relationships; the ability to obtain exit financing; 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 exposure to natural disasters; our dependence on certain major customers; competition in the automotive industry; sovereign and other risks related to our conducting operations outside the United States; the uncertainty of our ability to achieve expected cost reduction savings; our exposure to product liability and warranty claims; labor conditions; our vulnerability to changes in interest rates; our ability to meet customers' needs for new and improved products in a timely manner; our ability to attract and retain key personnel; potential conflicts of interest between our owners and us; our legal rights to our intellectual property portfolio; our pension plans; environmental and other regulations; and other risks listed in our filings with the SEC. See Item 1A. Risk Factors, in our 2010 Annual Report on Form 10-K and Item 1A. Risk Factors in Part II of this form 10-Q for additional information regarding these and other risks and uncertainties. There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this report and are expressly qualified in their entirety by the cautionary statements included in this report. 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.



**Table of Contents**

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the quantitative and qualitative information about the Company's market risk from those previously disclosed in the Company's 2010 Annual Report on Form 10-K.

**Item 4. 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 15d-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.

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Table of Contents**

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

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

**Item 1A. Risk Factors**

In addition to other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2010 Annual Report on Form 10-K (the "Form 10-K") which could materially impact our business, financial condition or future results. Risks disclosed in the Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may materially adversely impact our business, financial condition or operating results. The information presented below updates, and should be read in conjunction with, the risk factors disclosed in the Form 10-K.

***Certain natural disasters may adversely affect our business.***

Natural disasters such as earthquakes, tsunamis and coastal flooding or other adverse climate conditions, whether occurring in the U.S. or abroad, and the consequences and effects thereof, including energy shortages and public health issues, may adversely affect our business. Such natural disasters could cause damage or disruption to our business operations or the operations of our customers, suppliers or joint venture affiliates or result in economic instability. We cannot accurately predict the impact on our business or results of operations of natural disasters.

The recent significant earthquake, tsunami and related damage to a nuclear plant in Japan have caused disruptions in the distribution and supply chain in the automotive industry including a shortage of certain materials and components causing OEM and supplier plant shutdowns and adversely affecting global vehicle production volumes. Although we cannot fully assess the financial impact of these ongoing events at this time, any prolonged or increased level of disruption in the supply of vehicle materials or components or other supply chain disruptions may result in further vehicle production volume declines that could have a material adverse effect on our business, financial conditions and results of operations.

**Table of Contents**

**Item 6. Exhibits**

The exhibits listed on the Index to Exhibits of this report are incorporated by reference herein.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**COOPER-STANDARD HOLDINGS INC.**

May 10, 2011  
Date

/s/ JAMES S. McELYA  
**James S. McElya**

**Chairman, Chief Executive Officer and Director**

**(Principal Executive Officer)**

May 10, 2011  
Date

/s/ ALLEN J. CAMPBELL  
**Allen J. Campbell**

**Chief Financial Officer**

**(Principal Financial Officer)**

May 10, 2011  
Date

/s/ HELEN T. YANTZ  
**Helen T. Yantz**

**Controller**

**(Principal Accounting Officer)**

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**Table of Contents**

**INDEX TO EXHIBITS**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.1*	Employment Agreement, dated as of January 1, 2009, by and among Cooper-Standard Automotive Inc. and Timothy W. Hefferon.
31.1*	Certification of James S. McElya, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Allen J. Campbell, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of James S. McElya, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Allen J. Campbell, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Filed herewith