

STONERIDGE INC  
Form 10-Q  
November 09, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**  
For the quarter ended September 30, 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: 001-13337  
STONERIDGE, INC.**

*(Exact name of registrant as specified in its charter)*

**Ohio**

**34-1598949**

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

*(I.R.S. Employer  
Identification No.)*

**9400 East Market Street, Warren, Ohio**

**44484**

*(Address of principal executive offices)*

*(Zip Code)*

**(330) 856-2443**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):  
 Large accelerated filer  Accelerated filer  Non-accelerated filer

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

The number of Common Shares, without par value, outstanding as of October 26, 2007 was 24,226,564.

**STONERIDGE, INC. AND SUBSIDIARIES  
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**STONERIDGE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	<b>September 30, 2007 (Unaudited)</b>	<b>December 31, 2006 (Audited)</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 67,649	\$ 65,882
Accounts receivable, less allowances for doubtful accounts and other reserves of \$5,521 and \$5,243, respectively	123,916	106,985
Inventories, net	57,591	58,521
Prepaid expenses and other	19,925	13,448
Deferred income taxes	9,305	9,196
Total current assets	278,386	254,032
Long-Term Assets:		
Property, plant and equipment, net	102,378	114,586
Other Assets:		
Goodwill	65,176	65,176
Investments and other, net	40,317	30,875
Deferred income taxes	36,896	37,138
Total long-term assets	244,767	247,775
Total Assets	\$ 523,153	\$ 501,807
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current Liabilities:		
Accounts payable	\$ 65,753	\$ 72,493
Accrued expenses and other	53,949	45,624
Total current liabilities	119,702	118,117
Long-Term Liabilities:		
Long-term debt	200,000	200,000
Deferred income taxes	2,030	1,923
Other liabilities	3,800	3,145

Total long-term liabilities	205,830	205,068
Shareholders' Equity:		
Preferred Shares, without par value, authorized 5,000 shares, none issued		
Common Shares, without par value, authorized 60,000 shares, issued 24,599 and 23,990 shares and outstanding 24,227 and 23,804 shares, respectively, with no stated value		
Additional paid-in capital	153,585	150,078
Common Shares held in treasury, 373 and 186 shares, respectively, at cost	(383)	(151)
Retained earnings	31,891	21,701
Accumulated other comprehensive income	12,528	6,994
Total shareholders' equity	197,621	178,622
Total Liabilities and Shareholders' Equity	\$ 523,153	\$ 501,807

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

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**STONERIDGE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(in thousands, except per share data)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net Sales	\$ 172,814	\$ 172,351	\$ 541,644	\$ 537,484
Costs and Expenses:				
Cost of goods sold	134,944	134,173	422,045	414,619
Selling, general and administrative	32,407	29,074	99,209	92,044
(Gain) loss on sale of property, plant and equipment, net	223	15	(1,465)	(1,454)
Operating Income	5,240	9,089	21,855	32,275
Interest expense, net	5,467	5,710	16,570	17,462
Equity in earnings of investees	(3,506)	(1,838)	(7,924)	(4,804)
Other (income) loss, net	273	(55)	785	1,697
Income Before Income Taxes	3,006	5,272	12,424	17,920
Provision for income taxes	381	866	2,234	4,857
Net Income	\$ 2,625	\$ 4,406	\$ 10,190	\$ 13,063
Basic net income per share	\$ 0.11	\$ 0.19	\$ 0.44	\$ 0.57
Basic weighted average shares outstanding	23,213	22,880	23,106	22,833
Diluted net income per share	\$ 0.11	\$ 0.19	\$ 0.43	\$ 0.56
Diluted weighted average shares outstanding	23,694	23,396	23,656	23,250

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

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**STONERIDGE, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(in thousands)**

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>
<b><u>OPERATING ACTIVITIES:</u></b>		
Net income	\$ 10,190	\$ 13,063
Adjustments to reconcile net income to net cash provided by (used for) operating activities -		
Depreciation	21,775	19,124
Amortization	1,196	1,238
Deferred income taxes	(1,272)	2,726
Equity in earnings of investees	(7,924)	(4,804)
Gain on sale of property, plant and equipment	(1,465)	(1,454)
Share-based compensation expense	1,858	1,380
Postretirement benefit settlement gain		(1,242)
Changes in operating assets and liabilities -		
Accounts receivable, net	(15,197)	(19,499)
Inventories, net	756	(3,094)
Prepaid expenses and other	(1,676)	189
Other assets	(101)	1,149
Accounts payable	(8,446)	12,020
Accrued expenses and other	8,215	1,814
Net cash provided by operating activities	7,909	22,610
<b><u>INVESTING ACTIVITIES:</u></b>		
Capital expenditures	(14,259)	(19,794)
Proceeds from sale of property, plant and equipment	5,042	2,266
Business acquisitions and other		(668)
Net cash used for investing activities	(9,217)	(18,196)
<b><u>FINANCING ACTIVITIES:</u></b>		
Repayments of long-term debt		(44)
Share-based compensation activity, net	1,956	47
Other financing costs		(150)
Net cash provided by (used for) financing activities	1,956	(147)
Effect of exchange rate changes on cash and cash equivalents	1,119	1,679

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Net change in cash and cash equivalents	1,767	5,946
Cash and cash equivalents at beginning of period	65,882	40,784
Cash and cash equivalents at end of period	\$ 67,649	\$ 46,730

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

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**STONERIDGE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**(in thousands, except share and per share data, unless otherwise indicated)**

**(1) Basis of Presentation**

The accompanying condensed consolidated financial statements have been prepared by Stoneridge, Inc. (the Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the Commission). The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of such financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the Commission's rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Form 10-K for the fiscal year ended December 31, 2006.

The results of operations for the nine months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year.

Beginning in 2005, the Company changed from a calendar year-end to a 52-53 week fiscal year-end. Until October 30, 2006, the Company's fiscal quarters were comprised of 13-week periods. On October 30, 2006, the Company changed back to a calendar (December 31) fiscal year-end; therefore, the 2006 fiscal year ended on December 31, 2006. Our fiscal quarters are now comprised of 3-month periods. Throughout this document, three months and nine months will be used to reference the 3- and 9-month periods of 2007 and the comparable 13- and 39-week periods of 2006.

The Company has reclassified the presentation of certain prior-period information to conform to the current presentation.

**(2) Inventories**

Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for approximately 69% and 67% of the Company's inventories at September 30, 2007 and December 31, 2006, respectively, and by the first-in, first-out (FIFO) method for all other inventories. Inventory cost includes material, labor and overhead. Inventories consist of the following:

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
Raw materials	\$ 38,239	\$ 39,832
Work-in-progress	9,263	8,196
Finished goods	11,919	12,614
Total inventories	59,421	60,642
Less: LIFO reserve	(1,830)	(2,121)
Inventories, net	\$ 57,591	\$ 58,521

**(3) Fair Value of Financial Instruments*****Financial Instruments***

A financial instrument is cash or a contract that imposes an obligation to deliver, or conveys a right to receive cash or another financial instrument. The carrying values of cash and cash equivalents, accounts receivable and accounts payable are considered to be representative of fair value because of the short maturity of these instruments. The estimated fair value of the Company's senior notes (fixed rate debt) at September 30, 2007 and 2006, per quoted

market sources, was \$207.0 million and \$192.0 million, respectively. On both dates, the carrying value was \$200.0 million.

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

**(in thousands, except share and per share data, unless otherwise indicated)**

***Derivative Instruments and Hedging Activities***

The Company makes use of derivative instruments in foreign exchange and commodity price hedging programs. Derivatives currently in use are foreign currency forward and commodity swap contracts. These contracts are used for hedging and not for speculative purposes. Management believes that its use of these instruments to reduce risk is in the Company's best interest.

As a result of the Company's international business presence it is exposed to foreign currency exchange risk. The Company uses derivative financial instruments, including foreign currency forward contracts, to mitigate its exposure to fluctuations in foreign currency exchange rates by reducing the effect of such fluctuations on foreign currency denominated intercompany transactions and other known foreign currency exposures. The principal currencies hedged by the Company include the Swedish krona, British pound and Mexican peso. In certain instances, the foreign currency forward contracts are marked to market, with gains and losses recognized in the Company's condensed consolidated statement of operations as a component of other income. The Company's foreign currency forward and option contracts substantially offset gains and losses on the underlying foreign currency denominated transactions. In addition, the Company's contracts intended to reduce exposure to the Mexican peso were executed to hedge forecasted transactions, and therefore the contracts are accounted for as cash flow hedges. The effective portion of the unrealized gain or loss is deferred and reported as a component of accumulated other comprehensive income. The Company's expectation is that the cash flow hedges will be highly effective in the future. The effectiveness of the transactions will be measured on an ongoing basis using the hypothetical operative method.

The Company's foreign currency forward contracts had a notional value of \$18,743 and \$15,044 at September 30, 2007 and 2006, respectively. The purpose of these investments is to reduce the risk of exposure related to the Company's Mexican peso-, Swedish krona- and British pound-denominated exposures. The contracts related to the Company's Swedish krona denominated exposures expired on July 2, 2007. The estimated fair value of the existing contracts at September 30, 2007 and 2006, per quoted market sources, was approximately \$198 and \$(311), respectively. In 2006, the Company used foreign currency option contracts to reduce the risk of exposures to the Mexican peso. As of September 30, 2006, the Company's foreign currency option contracts had a notional value of \$56 and an estimated fair value of \$12. The Company's foreign currency option contracts expired as of December 31, 2006.

To mitigate the risk of future price volatility and, consequently, fluctuations in gross margins, the Company has entered into fixed price commodity swaps with a bank to fix the cost of copper purchases. In December 2006, we entered into a fixed price swap for 480 metric tonnes of copper. In January 2007, we entered into an additional fixed price swap for 420 metric tonnes of copper. Because these contracts were executed to hedge forecasted transactions, the contracts are accounted for as cash flow hedges. The unrealized gain or loss for the effective portion of the hedge is deferred and reported as a component of accumulated other comprehensive income. The Company's expectation is that the cash flow hedges will be highly effective in the future; however, as of December 31, 2006 they were not deemed effective and had no impact on other comprehensive income. The effectiveness of the transactions has been and will be measured on an ongoing basis using the hypothetical operative method. As of September 30, 2007, the fair value of the fixed price commodity swap contracts was approximately \$536.

**(4) Share-Based Compensation**

Total compensation expense recognized in the condensed consolidated statements of operations for share-based compensation arrangements was \$606 and \$454 for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and 2006, total compensation expense recognized in the condensed consolidated statements of operations for share-based compensation arrangements was \$1,858 and \$1,380, respectively.

The total income tax benefit recognized in the condensed consolidated statements of operations for share-based compensation arrangements was \$212 and \$159 for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and 2006, total income tax benefit recognized in the

condensed consolidated statements of operations for share-based compensation arrangements was \$650 and \$483, respectively. There was no share-based compensation cost capitalized as inventory or fixed assets for either period.

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**(Unaudited)**

(in thousands, except share and per share data, unless otherwise indicated)

**(5) Comprehensive Income (Loss)**

Statement of Financial Accounting Standards ( SFAS ) No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and disclosure of comprehensive income.

The components of comprehensive income, net of tax are as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net income	\$ 2,625	\$ 4,406	\$ 10,190	\$ 13,063
Other comprehensive income:				
Currency translation adjustments	3,019	249	5,001	3,608
Pension liability adjustments	(24)	(41)	(60)	(275)
Unrealized gain (loss) on marketable securities	(22)	10	39	32
Unrecognized gain (loss) on derivatives	(547)		554	
Total other comprehensive income	2,426	218	5,534	3,365
Comprehensive income	\$ 5,051	\$ 4,624	\$ 15,724	\$ 16,428

Accumulated other comprehensive income, net of tax is comprised of the following:

	<b>September</b>	<b>December</b>
	<b>30,</b>	<b>31,</b>
	<b>2007</b>	<b>2006</b>
Foreign currency translation adjustments	\$ 13,526	\$ 8,525
Pension liability adjustments	(1,527)	(1,467)
Unrealized loss on marketable securities	(25)	(64)
Unrecognized gain on derivatives	554	
Accumulated other comprehensive income	\$ 12,528	\$ 6,994

**6) Long-Term Debt****Senior Notes**

On May 1, 2002, the Company issued \$200.0 million aggregate principal amount of senior notes. The \$200.0 million senior notes bear interest at an annual rate of 11.50% and mature on May 1, 2012. The senior notes (the Notes) are redeemable at 105.75 until April 2008. The Notes will remain redeemable at various levels until the maturity date. Interest is payable on May 1 and November 1 of each year. On July 1, 2002, the Company completed an exchange offer of the senior notes for substantially identical notes registered under the Securities Act of 1933.

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**Credit Agreement**

On March 7, 2006, the Company amended the existing credit agreement, which provided the Company with substantially all of its borrowing capacity on the \$100.0 million credit facility. The credit agreement contains various covenants that require, among other things, the maintenance of certain specified ratios of consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization ( EBITDA ) and interest coverage. Restrictions also include limits on capital expenditures, operating leases and dividends. The amendment utilizes a borrowing base composed of accounts receivable and inventory. The borrowing base limitation expired June 30, 2007. In addition, the Company is prohibited from repurchasing, repaying or redeeming subordinated notes until certain covenant levels are met. As of September 30, 2007, \$96.3 million of the \$100.0 million credit facility was available to the Company. The revolving facility expires on April 30, 2008 and requires a commitment fee of 0.375% to 0.500% on the unused balance. The revolving facility permits the Company to borrow up to half its borrowings in specified foreign currencies. Interest is payable quarterly at either (i) the prime rate plus a margin of 0.25% to 1.25% or (ii) LIBOR plus a margin of 1.75% to 2.75%, depending upon the Company's ratio of consolidated total debt to consolidated EBITDA, as defined. Interest on the swing line facility is payable monthly at the quoted overnight borrowing rate plus a margin of 1.75% to 2.75%, depending upon the Company's ratio of consolidated total debt to consolidated EBITDA, as defined.

On November 2, 2007, the Company entered into an asset-based credit facility, which permits borrowing up to a maximum level of \$100.0 million. The available borrowing capacity on this credit facility is based on eligible current assets, as defined. The asset-based credit facility does not contain maintenance covenants; however, restrictions include limits on capital expenditures, operating leases and dividends. The asset-based credit facility expires on November 1, 2011, and requires a commitment fee of 0.25% on the unused balance. Interest is payable quarterly at either (i) the higher of the prime rate or the Federal Funds rate plus 0.50%, plus a margin of 0.00% to 0.25% or (ii) LIBOR plus a margin of 1.00% to 1.75%, depending upon the Company's undrawn availability, as defined.

**(7) Net Income Per Share**

Basic net income per share was computed by dividing net income by the weighted-average number of Common Shares outstanding for each respective period. Diluted net income per share was calculated by dividing net income by the weighted-average of all potentially dilutive Common Shares that were outstanding during the periods presented.

Actual weighted-average shares outstanding used in calculating basic and diluted net income per share are as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Basic weighted-average shares outstanding	23,213,240	22,880,325	23,105,561	22,833,392
Effect of dilutive securities	481,190	515,368	550,038	416,626
Diluted weighted-average shares outstanding	23,694,430	23,395,693	23,655,599	23,250,018

For the three months ended September 30, 2007 and 2006, options to purchase 139,500 and 470,250 Common Shares at an average price of \$15.56 and \$13.46, respectively, were not included in the computation of diluted net income per share because their respective exercise prices were greater than the average market price of Common Shares and, therefore, their effect would have been anti-dilutive. Options not included in the computation of diluted net income per share to purchase 139,500 and 610,850 Common Shares at an average price of \$15.56 and \$12.18, respectively, were outstanding during the nine months ended September 30, 2007 and 2006, respectively.

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As of September 30, 2007, 499,950 performance-based restricted shares were outstanding. These shares were not included in the computation of diluted net income per share because not all vesting conditions were met. Approximately one tenth of these shares was associated with a plan that used highly optimistic earnings per share targets. At this time, we believe that meeting

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**(in thousands, except share and per share data, unless otherwise indicated)**

such thresholds is highly unlikely. The remainder may or may not become dilutive based on the Company's ability to exceed future earnings thresholds or attain certain targets of total return to its shareholders measured against a peer group's performance.

**(8) Restructuring**

In January 2005, the Company announced restructuring initiatives related to the rationalization of certain manufacturing facilities in Europe and North America. This rationalization is part of the Company's cost reduction initiatives. In connection with these initiatives, the Company recorded restructuring charges of \$2 and \$80 for the three months ended September 30, 2007 and 2006, respectively. Restructuring charges for the nine months ended September 30, 2007 and 2006 was \$74 and \$154, respectively. Restructuring expenses are included in the Company's condensed consolidated statement of operations as a part of selling, general and administrative expense.

The restructuring charges related to the Electronics reportable segment included the following:

	<b>Severance Costs</b>	<b>Asset- Related Charges</b>	<b>Total</b>
Total expected restructuring charges	\$ 966	\$ 127	\$ 1,093
Balance at December 31, 2004	\$	\$	\$
First quarter charge to expense	88	127	215
Second quarter charge to expense	9		9
Third quarter charge to expense	356		356
Fourth quarter charge to expense	70		70
Cash payments	(111)		(111)
Non-cash utilization		(127)	(127)
Balance at December 31, 2005	\$ 412	\$	\$ 412
First quarter charge to expense	176		176
Second quarter charge to expense	(370)		(370)
Third quarter charge to expense	127		127
Fourth quarter charge to expense	436		436
Cash payments	(343)		(343)
Balance at December 31, 2006	\$ 438	\$	\$ 438
First quarter charge to expense	41		41
Second quarter charge to expense	31		31
Third quarter charge to expense	2		2
Cash payments	(512)		(512)



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Balance at September 30, 2007	\$	\$	\$
Remaining expected restructuring charge	\$	\$	\$

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The restructuring charges related to the Control Devices reportable segment included the following:

	<b>Severance Costs</b>	<b>Asset- Related Charges</b>	<b>Facility Closure Costs</b>	<b>Other Exit Costs</b>	<b>Total</b>
Total expected restructuring charges	\$ 3,665	\$ 983	\$ 1,137	\$ 653	\$ 6,438
Balance at March 31, 2004	\$	\$	\$	\$	\$
Second quarter charge to expense		205			205
Third quarter charge to expense		202		118	320
Fourth quarter charge to expense	1,068	207		287	1,562
Cash payments	(590)			(405)	(995)
Non-cash utilization		(614)			(614)
Balance at December 31, 2004	\$ 478	\$	\$	\$	\$ 478
First quarter charge to expense	1,698	206		7	1,911
Second quarter charge to expense	586	163	746	174	1,669
Third quarter charge to expense	214		218	35	467
Fourth quarter charge to expense	(57)		140	(18)	65
Cash payments	(2,722)		(140)	(198)	(3,060)
Non-cash utilization		(369)			(369)
Balance at December 31, 2005	\$ 197	\$	\$ 964	\$	\$ 1,161
First quarter charge to expense				48	48
Second quarter charge to expense	204		14	2	220
Third quarter charge to expense	(48)		1		(47)
Fourth quarter charge to expense			18		18
Cash payments	(353)		(569)	(50)	(972)
Balance at December 31, 2006	\$	\$	\$ 428	\$	\$ 428
First quarter charge to expense					
Second quarter charge to expense					
Third quarter charge to expense					
Cash payments			(428)		(428)

Balance at September 30, 2007	\$	\$	\$	\$	\$
Remaining expected restructuring charge	\$	\$	\$	\$	\$

All restructuring charges, except for the asset-related charges, result in cash outflows. Asset-related charges primarily relate to accelerated depreciation and the write-down of property, plant and equipment, resulting from the closure or streamlining of certain facilities. Severance costs relate to a reduction in workforce. Facility closure costs primarily relate to asset relocation and lease termination costs. Other exit costs include miscellaneous expenditures associated with exiting business activities. As of September 30, 2007, these restructuring initiatives have been substantially completed.

**(9) Commitments and Contingencies**

In the ordinary course of business, the Company is involved in various legal proceedings and workers compensation and product liability disputes. The Company is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the results of operations, cash flows or the financial position of the Company.

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**(Unaudited)**

(in thousands, except share and per share data, unless otherwise indicated)

**Product Warranty and Recall**

Amounts accrued for product warranty and recall claims are established based on the Company's best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet dates. These accruals are based on several factors including past experience, production changes, industry developments and various other considerations. The Company can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend or settle such claims beyond the amounts accrued or beyond what the Company may recover from its suppliers.

The following provides a reconciliation of changes in product warranty and recall liability for the nine months ended September 30, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Product warranty and recall at beginning of period	\$ 5,825	\$ 6,220
Accruals for products shipped during period	2,131	3,185
Changes in estimates of existing liabilities	1,197	525
Settlements made during the period (in cash or in kind)	(2,518)	(3,167)
Product warranty and recall at end of period	\$ 6,635	\$ 6,763

**(10) Employee Benefit Plans**

The Company has a single defined benefit pension plan that covers certain employees in the United Kingdom and a postretirement benefit plan that covers certain employees in the U.S. The components of net periodic benefit cost under the plans are as follows:

	<b>Defined Benefit Plan</b>			
	<b>Three Months</b>		<b>Nine Months Ended</b>	
	<b>Ended</b>		<b>September 30,</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Service cost	\$ 44	\$ 34	\$ 129	\$ 98
Interest cost	523	308	1,544	893
Expected return on plan assets	(585)	(331)	(1,725)	(959)
Amortization of actuarial loss	114	79	335	228
Net periodic benefit cost	\$ 96	\$ 90	\$ 283	\$ 260

	<b>Postretirement Benefit Plan</b>			
	<b>Three Months</b>		<b>Nine Months Ended</b>	
	<b>Ended</b>		<b>September 30,</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Service cost	\$ 3	\$ 12	\$ 10	\$ 40
Interest cost	5	17	17	58
Settlement gain		(1,242)		(1,242)
Amortization of actuarial gain	(1)		(4)	

Net periodic benefit cost	\$	7	\$ (1,213)	\$	23	\$ (1,144)
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The Company previously disclosed in its financial statements for the year ended December 31, 2006 that it expected to contribute \$353 to its pension plan in 2007. Of this amount, contributions of \$194 have been made to the pension plan as of September 30, 2007.

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**(11) Income Taxes**

The Company recognized a provision for income taxes of \$381, or 12.7% of pre-tax income, and \$866, or 16.4% of pre-tax income, for federal, state and foreign income taxes for the three months ended September 30, 2007 and 2006, respectively. The Company recognized a provision for income taxes of \$2,234, or 18.0% of pre-tax income, and \$4,857, or 27.1% of pre-tax income, for federal, state and foreign income taxes for the nine months ended September 30, 2007 and 2006, respectively. The decrease in the effective tax rate for the three months ended September 30, 2007 and 2006, respectively, was primarily attributable to the benefit of the federal research and development tax credit which had not been extended at September 30, 2006 and a benefit for a change in state tax law. The decrease in the effective tax rate for the nine months ended September 30, 2007 and 2006, respectively, was primarily attributable to the benefit of the federal research and development tax credit which had not been extended at September 30, 2006, a reduction in accrued income taxes, and a benefit for a change in state tax law.

In June 2006, the Financial Accounting Standards Board ( FASB ) issued FASB interpretation No. 48, *Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109* ( FIN 48 ). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted the provisions of FIN 48 as of the beginning of the 2007 calendar year. The adoption of FIN 48 did not have a material impact on the Company's financial statements.

As of January 1, 2007, the Company provided a liability of \$4,731, excluding interest and penalties, for unrecognized tax benefits related to various federal, state and foreign income tax matters. The liability for uncertain tax positions is classified as a non-current income tax liability unless it is expected to be paid within one year. The liability for unrecognized tax positions increased by \$82 for the third quarter ended September 30, 2007 and decreased by \$9 for the nine months ended September 30, 2007 resulting in a balance at September 30, 2007 of \$4,722. Through a combination of anticipated state audit settlements and the expiration of certain statutes of limitation, the amount of unrecognized tax benefits could decrease by approximately \$87-\$152 within the next 12 months.

If the Company's tax positions are sustained by the taxing authorities in favor of the Company, approximately \$4,515 would reduce the Company's effective tax rate.

Consistent with historical financial reporting, the Company has elected to classify interest expense and, if applicable, penalties which could be assessed related to unrecognized tax benefits as a component of income tax expense. For the nine months ended September 30, 2007 and 2006, the Company recognized approximately \$6 and \$(419) of gross interest and penalties, respectively. The Company has accrued approximately \$828 and \$821 for the payment of interest and penalties at September 30, 2007 and December 31, 2006, respectively.

The Company conducts business globally and, as a result, the Company or a subsidiary of the Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business the Company is subject to examination by taxing authorities throughout the world. The following table summarizes the open tax years for each important jurisdiction:

Jurisdiction	Open Tax Years
U.S. Federal	2003-2006
France	2003-2006
Mexico	2001-2006
Spain	2002-2006
Sweden	2001-2006



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**(12) Accounting Pronouncements**

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS 157 ), which provides a definition of fair value, establishes a framework for measuring fair value and requires expanded disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those years. The provisions of SFAS 157 will be applied prospectively. The Company is currently evaluating the impact that SFAS 157 will have on the Company's financial statements in 2008.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115* ( SFAS 159 ). SFAS 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the Fair Value Option ). Unrealized gains and losses on items for which the Fair Value Option has been elected are reported in earnings. The Fair Value Option is applied instrument by instrument (with certain exceptions), is irrevocable (unless a new election date occurs) and is applied only to an entire instrument. The effect of the first remeasurement to fair value is reported as a cumulative-effect adjustment to the opening balance of retained earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007 with earlier application permitted, subject to certain conditions. The Company is currently evaluating the impact of adopting SFAS 159 on its consolidated financial statements and whether to adopt its provisions prior to the required effective date.

In May 2007, the FASB issued FSP FIN 48-1, *Definition of Settlement in FASB Interpretation No. 48* ( FSP FIN 48-1 ). FSP FIN 48-1 provides guidance on determining whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 is effective retroactively to January 1, 2007. The implementation of this standard did not have a material impact on the Company's consolidated financial position or results of operations.



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**(13) Segment Reporting**

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise that are evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the president and chief executive officer.

The Company has two reportable segments: Electronics and Control Devices. During the third quarter of 2007, a European business unit in the Control Devices reportable segment experienced a change in future business prospects due to the loss of a significant customer contract. As a result, the Company announced that it would cease manufacturing at this business unit and transfer remaining production to a business unit in the Electronics reportable segment. In addition, management and oversight responsibilities for this business were realigned to the Electronics reportable segment. Because the Company changed the structure of its internal organization in a manner that caused the composition of its reportable segments to change, the corresponding information for prior periods has been reclassified to conform to the current year reportable segment presentation.

These reportable segments were determined based on the differences in the nature of the products offered. The Electronics reportable segment, formerly known as the Vehicle Management & Power Distribution reportable segment, produces electronic instrument clusters, electronic control units, driver information systems and electrical distribution systems, primarily wiring harnesses and connectors for electrical power and signal distribution. The Control Devices reportable segment produces electronic and electromechanical switches and control actuation devices and sensors.

The accounting policies of the Company's reportable segments are the same as those described in Note 2, *Summary of Significant Accounting Policies* of the Company's December 31, 2006 Form 10-K. The Company's management evaluates the performance of its reportable segments based primarily on revenues from external customers, capital expenditures and income before income taxes. Inter-segment sales are accounted for on terms similar to those to third parties and are eliminated upon consolidation.

A summary of financial information by reportable segment is as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Net Sales</b>				
Electronics	\$ 103,021	\$ 111,860	\$ 321,497	\$ 335,072
Inter-segment sales	3,806	3,422	13,139	11,073
Electronics net sales	106,827	115,282	334,636	346,145
Control Devices	69,793	60,491	220,147	202,412
Inter-segment sales	1,077	1,267	3,560	4,375
Control Devices net sales	70,870	61,758	223,707	206,787
Eliminations	(4,883)	(4,689)	(16,699)	(15,448)

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Total consolidated net sales	\$ 172,814	\$ 172,351	\$ 541,644	\$ 537,484
<b>Income Before Income Taxes</b>				
Electronics	\$ 3,005	\$ 7,764	\$ 9,146	\$ 22,160
Control Devices	2,714	479	13,601	10,032
Other corporate activities	2,827	2,715	6,348	2,913
Corporate interest expense	(5,540)	(5,686)	(16,671)	(17,185)
Total consolidated income before income taxes	\$ 3,006	\$ 5,272	\$ 12,424	\$ 17,920

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	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Depreciation and Amortization</b>				
Electronics	\$ 3,400	\$ 2,638	\$ 10,164	\$ 7,548
Control Devices	3,812	3,789	11,495	11,435
Corporate activities	96	157	270	345
Total consolidated depreciation and amortization(A)	\$ 7,308	\$ 6,584	\$ 21,929	\$ 19,328
<b>Interest Expense (Income)</b>				
Electronics	\$ (69)	\$ 25	\$ (96)	\$ 282
Control Devices	(4)	(1)	(5)	(5)
Corporate activities	5,540	5,686	16,671	17,185
Total consolidated interest expense, net	\$ 5,467	\$ 5,710	\$ 16,570	\$ 17,462
<b>Capital Expenditures</b>				
Electronics	\$ 1,569	\$ 3,880	\$ 6,562	\$ 10,489
Control Devices	1,641	2,454	7,051	8,946
Corporate activities	235	310	646	359
Total consolidated capital expenditures	\$ 3,445	\$ 6,644	\$ 14,259	\$ 19,794

	<b>September</b>	<b>December</b>
	<b>30,</b>	<b>31,</b>
	<b>2007</b>	<b>2006</b>
<b>Total Assets</b>		
Electronics	\$ 205,874	\$ 213,846
Control Devices	191,149	187,004
Corporate(B)	282,823	265,986
Eliminations	(156,693)	(165,029)
Total consolidated assets	\$ 523,153	\$ 501,807

(A) These amounts represent depreciation and amortization on fixed and

certain  
intangible  
assets.

- (B) Assets located at Corporate consist primarily of cash, deferred taxes and equity investments.

The following table presents net sales and non-current assets for each of the geographic areas in which the Company operates:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Net Sales</b>				
North America	\$ 126,882	\$ 130,941	\$ 393,392	\$ 415,356
Europe and other	45,932	41,410	148,252	122,128
Total consolidated net sales	\$ 172,814	\$ 172,351	\$ 541,644	\$ 537,484

	<b>September 30,</b>		<b>December 31,</b>	
	<b>2007</b>		<b>2006</b>	
<b>Non-Current Assets</b>				
North America	\$	219,749	\$	215,429
Europe and other		25,018		32,346
Total consolidated non-current assets	\$	244,767	\$	247,775

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**(14) Investments*****PST Indústria Eletrônica da Amazônia Ltda.***

The Company has a 50% equity interest in PST Indústria Eletrônica da Amazônia Ltda. ( PST ), a Brazilian electronic components business that specializes in electronic vehicle security devices. The investment is accounted for under the equity method of accounting. The Company's investment in PST was \$31,636 and \$21,616 at September 30, 2007 and December 31, 2006, respectively.

Condensed financial information for PST is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Revenues	\$36,278	\$24,598	\$94,908	\$66,612
Cost of sales	\$16,704	\$12,095	\$44,210	\$33,433
Total pre-tax income	\$ 7,462	\$ 4,381	\$17,827	\$12,206
The Company's share of pre-tax income	\$ 3,731	\$ 2,191	\$ 8,914	\$ 6,103

Equity in earnings of PST included in the condensed consolidated statements of operations was \$3,401 and \$1,750 for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and 2006, equity in earnings of PST was \$7,557 and \$4,576, respectively.

***Minda Instruments Ltd.***

At September 30, 2006, the Company had a 30% equity interest in Minda Instruments Ltd. ( Minda ), a company based in India that manufactures electronic instrumentation equipment for the transportation market. Since then, the Company has increased its ownership interest in Minda to 49%. The investment is accounted for under the equity method of accounting. The Company's investment in Minda was \$4,333 and \$3,796 at September 30, 2007 and December 31, 2006, respectively. Equity in earnings of Minda included in the condensed consolidated statements of operations was \$105 and \$88, for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and 2006, equity in earnings of Minda was \$367 and \$228, respectively.

**(15) Guarantor Financial Information**

The senior notes and the credit facility are fully and unconditionally guaranteed, jointly and severally, by each of the Company's existing and future domestic wholly owned subsidiaries (Guarantor Subsidiaries). The Company's non-U.S. subsidiaries do not guarantee the senior notes or the credit facility (Non-Guarantor Subsidiaries).

Presented below are summarized consolidating financial statements of the Parent (which includes certain of the Company's operating units), the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries and the Company on a condensed consolidated basis as of September 30, 2007 and December 31, 2006 and for each of the three and nine months ended September 30, 2007 and 2006.

These summarized condensed consolidating financial statements are prepared under the equity method. Separate financial statements for the Guarantor Subsidiaries are not presented based on management's determination that they do not provide additional information that is material to investors. Therefore, the Guarantor Subsidiaries are combined in the presentations on the subsequent pages.

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	<b>September 30, 2007</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 31,750	\$ 56	\$ 35,843	\$	\$ 67,649
Accounts receivable, net	54,732	33,068	36,116		123,916
Inventories, net	25,404	13,617	18,570		57,591
Prepaid expenses and other	(284,742)	285,926	18,741		19,925
Deferred income taxes	2,932	4,978	1,395		9,305
Total current assets	(169,924)	337,645	110,665		278,386
Long-Term Assets:					
Property, plant and equipment, net	57,051	26,055	19,272		102,378
Other Assets:					
Goodwill	44,585	20,591			65,176
Investments and other, net	39,650	324	343		40,317
Deferred income taxes	39,741	(2,862)	17		36,896
Investment in subsidiaries	430,739			(430,739)	
Total long-term assets	611,766	44,108	19,632	(430,739)	244,767
Total Assets	\$ 441,842	\$ 381,753	\$ 130,297	\$ (430,739)	\$ 523,153
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Current Liabilities:					
Accounts payable	\$ 22,357	\$ 20,840	\$ 22,556	\$	\$ 65,753
Accrued expenses and other	21,361	8,571	24,017		53,949
Total current liabilities	43,718	29,411	46,573		119,702
Long-Term Liabilities:					
Long-term debt	200,000				200,000
Deferred income taxes			2,030		2,030
Other liabilities	503	473	2,824		3,800

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Total long-term liabilities	200,503	473	4,854		205,830
Shareholders' Equity	197,621	351,869	78,870	(430,739)	197,621
Total Liabilities and Shareholders' Equity	\$ 441,842	\$ 381,753	\$ 130,297	\$ (430,739)	\$ 523,153

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Supplemental condensed consolidating financial statements (continued):

	<b>December 31, 2006</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 28,937	\$ 12	\$ 36,933	\$	\$ 65,882
Accounts receivable, net	48,187	28,376	30,422		106,985
Inventories, net	26,173	12,502	19,846		58,521
Prepaid expenses and other	(273,206)	275,577	11,077		13,448
Deferred income taxes	3,724	4,379	1,093		9,196
<b>Total current assets</b>	<b>(166,185)</b>	<b>320,846</b>	<b>99,371</b>		<b>254,032</b>
Long-Term Assets:					
Property, plant and equipment, net	61,320	31,643	21,623		114,586
Other Assets:					
Goodwill	44,585	20,591			65,176
Investments and other, net	30,874	131	170	(300)	30,875
Deferred income taxes	40,713	(3,341)	(234)		37,138
Investment in subsidiaries	411,366			(411,366)	
<b>Total long-term assets</b>	<b>588,858</b>	<b>49,024</b>	<b>21,559</b>	<b>(411,666)</b>	<b>247,775</b>
<b>Total Assets</b>	<b>\$ 422,673</b>	<b>\$ 369,870</b>	<b>\$ 120,930</b>	<b>\$ (411,666)</b>	<b>\$ 501,807</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Current Liabilities:					
Accounts payable	26,690	19,044	26,759		72,493
Accrued expenses and other	17,291	7,314	21,019		45,624
<b>Total current liabilities</b>	<b>43,981</b>	<b>26,358</b>	<b>47,778</b>		<b>118,117</b>
Long-Term Liabilities:					
Long-term debt	200,000		300	(300)	200,000
Deferred income taxes			1,923		1,923
Other liabilities	70	450	2,625		3,145



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Total long-term liabilities	200,070	450	4,848	(300)	205,068
Shareholders' Equity	178,622	343,062	68,304	(411,366)	178,622
Total Liabilities and Shareholders' Equity	\$ 422,673	\$ 369,870	\$ 120,930	\$ (411,666)	\$ 501,807

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Supplemental condensed consolidating financial statements (continued):

	<b>For the Three Months Ended September 30, 2007</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net Sales	\$ 83,251	\$ 50,588	\$ 57,843	\$ (18,868)	\$ 172,814
Costs and Expenses:					
Cost of goods sold	69,451	40,369	43,342	(18,218)	134,944
Selling, general and administrative	13,597	7,417	12,043	(650)	32,407
(Gain) loss on sale of property, plant and equipment, net	231		(8)		223
Operating Income (Loss)	(28)	2,802	2,466		5,240
Interest expense (income), net	5,830		(363)		5,467
Other (income) loss, net	(3,696)		463		(3,233)
Equity earnings from subsidiaries	(4,285)			4,285	
Income Before Income Taxes	2,123	2,802	2,366	(4,285)	3,006
Provision (benefit) for income taxes	(502)	4	879		381
Net Income	\$ 2,625	\$ 2,798	\$ 1,487	\$ (4,285)	\$ 2,625

	<b>For the Three Months Ended September 30, 2006</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net Sales	\$ 86,662	\$ 52,953	\$ 54,496	\$ (21,760)	\$ 172,351
Costs and Expenses:					
Cost of goods sold	75,571	39,867	39,798	(21,063)	134,173
Selling, general and administrative	13,354	6,858	9,559	(697)	29,074
Loss on sale of property, plant and equipment, net	15				15
Operating Income (Loss)	(2,278)	6,228	5,139		9,089

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Interest expense (income), net	5,896		(186)		5,710
Other (income) loss, net	(1,948)		55		(1,893)
Equity earnings from subsidiaries	(10,243)			10,243	
Income Before Income Taxes	4,017	6,228	5,270	(10,243)	5,272
Provision (benefit) for income taxes	(389)		1,255		866
Net Income	\$ 4,406	\$ 6,228	\$ 4,015	\$ (10,243)	\$ 4,406

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Supplemental condensed consolidating financial statements (continued):

	<b>For the Nine Months Ended September 30, 2007</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non- Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net Sales	\$ 257,119	\$ 157,187	\$ 186,914	\$ (59,576)	\$ 541,644
Costs and Expenses:					
Cost of goods sold	217,081	123,231	139,251	(57,518)	422,045
Selling, general and administrative	40,719	23,090	37,458	(2,058)	99,209
Gain on sale of property, plant and equipment, net	(116)	(1,349)			(1,465)
Operating Income (Loss)	(565)	12,215	10,205		21,855
Interest expense (income), net	17,498		(928)		16,570
Other (income) loss, net	(7,594)		455		(7,139)
Equity earnings from subsidiaries	(20,819)			20,819	
Income Before Income Taxes	10,350	12,215	10,678	(20,819)	12,424
Provision for income taxes	160	11	2,063		2,234
Net Income	\$ 10,190	\$ 12,204	\$ 8,615	\$ (20,819)	\$ 10,190

	<b>For the Nine Months Ended September 30, 2006</b>				
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net Sales	\$ 267,904	\$ 172,622	\$ 162,051	\$ (65,093)	\$ 537,484
Costs and Expenses:					
Cost of goods sold	230,745	128,076	118,785	(62,987)	414,619
Selling, general and administrative	39,671	25,677	28,802	(2,106)	92,044
(Gain) loss on sale of property, plant and equipment, net	(1,457)		3		(1,454)
Operating Income (Loss)	(1,055)	18,869	14,461		32,275

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Interest expense (income), net	17,665		(203)		17,462
Other (income) loss, net	(3,645)		538		(3,107)
Equity earnings from subsidiaries	(28,852)			28,852	
Income Before Income Taxes	13,777	18,869	14,126	(28,852)	17,920
Provision for income taxes	714	19	4,124		4,857
Net Income	\$ 13,063	\$ 18,850	\$ 10,002	\$ (28,852)	\$ 13,063

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**STONERIDGE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**(in thousands, except share and per share data, unless otherwise indicated)**

Supplemental condensed consolidating financial statements (continued):

	<b>For the Nine Months Ended September 30, 2007</b>				<b>Consolidated</b>
	<b>Parent</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	
Net cash provided by (used for) operating activities	\$ 8,237	\$ (1,561)	\$ 1,533	\$ (300)	\$ 7,909
 <b><u>INVESTING ACTIVITIES:</u></b>					
Capital expenditures	(7,772)	(3,038)	(3,449)		(14,259)
Proceeds from the sale of fixed assets	392	4,643	7		5,042
Business acquisitions and other					
Net cash (used for) provided by investing activities	(7,380)	1,605	(3,442)		(9,217)
 <b><u>FINANCING ACTIVITIES:</u></b>					
Borrowings (repayments) of long-term debt			(300)	300	
Share-based compensation activity, net	1,956				