

COOPER TIRE & RUBBER CO

Form 10-K/A

March 02, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
AMENDMENT NO. 1

For Annual and Transition Reports Pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934
(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year
ended December 31, 2005

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 001-04329
COOPER TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE
(State of incorporation)

34-4297750
(I.R.S. employer
identification no.)

701 Lima Avenue, Findlay, Ohio
(Address of principal executive offices)

45840
(Zip Code)

Registrant's telephone number, including area code: (419) 423-1321
Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock, \$1 par value per share	New York Stock Exchange
Rights to Purchase Series A Preferred Stock	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated
filer. See definition of "accelerated 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 Exchange Act).
Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant at June 30, 2005 was
\$1,126,457,606.

The number of shares outstanding of the registrant's common stock as of January 31, 2006 was 61,328,610.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for its 2006 Annual Meeting of Stockholders is hereby incorporated by reference into Part III, Items 10-14, of this report.

**Amendment No. 1 to the Annual Report on Form 10-K
For the Year Ended December 31, 2005
EXPLANATORY NOTE**

Cooper Tire & Rubber Company (the Company) is filing this Amendment No. 1 on Form 10-K/A (this Amendment) to its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, which was originally filed on March 1, 2006 (the Original Filing), to amend and restate in their entirety the cover page, Part II Item 8 Financial Statements and Supplementary Data, and the Exhibit Index to correct amounts shown for quarterly 2005 periods in the Selected Quarterly Data schedule. This Amendment corrects the Original Filing by disclosing the correct amounts for first quarter gross profit, net loss and Basic and Diluted loss per share and the net loss and Basic and Diluted loss per share amounts for the second and third quarters and the net loss amount for the fourth quarter.

This Amendment includes a restated Exhibit (23), Consent of Independent Registered Public Accounting Firm which now refers to this Amendment.

This Amendment amends and restates in their entirety only the cover page, Part II Item 8 Financial Statements and Supplementary Data, and the Exhibit Index. Other than as reflected in the Exhibit Index, this Amendment does not affect any other parts of or exhibits to the Original Filing, and those unaffected parts or exhibits are not included in this Amendment.

This Amendment continues to speak as of the date of the Original Filing and the Company has not updated the disclosure contained herein to reflect events that have occurred since the filing of the Original Filing. Accordingly, this Amendment should be read in conjunction with the Company's other filings, if any, made with the Securities and Exchange Commission subsequent to the filing of the Original Filing, including any amendments to those filings, if any.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31

(Dollar amounts in thousands except per share amounts)

	2003	2004	2005
Net sales	\$ 1,850,853	\$ 2,081,609	\$ 2,155,185
Cost of products sold	1,641,468	1,848,616	1,967,835
Gross profit	209,385	232,993	187,350
Selling, general and administrative	146,076	171,689	161,192
Adjustments to class action warranty	(3,900)	(11,273)	(277)
Restructuring	2,190	9,353	
Operating profit	65,019	63,224	26,435
Interest expense	29,146	27,569	54,511
Debt extinguishment costs			4,228
Interest income	(1,170)	(2,068)	(18,541)
Other net	(162)	2,717	588
Income/(loss) from continuing operations before income taxes	37,205	35,006	(14,351)
Provision for income taxes	9,861	7,560	704
Income/(loss) from continuing operations before minority interests	27,344	27,446	(15,055)
Minority interests			22
Income/(loss) from continuing operations	27,344	27,446	(15,033)
Income from discontinued operations, net of income taxes	46,491	61,478	
Gain on sale of discontinued operations including income tax benefit		112,448	5,677
Net income/(loss)	\$ 73,835	\$ 201,372	\$ (9,356)

Basic earnings (loss) per share:

Edgar Filing: COOPER TIRE & RUBBER CO - Form 10-K/A

Income/(loss) from continuing operations	\$	0.37	\$	0.37	\$	(0.24)
Income from discontinued operations		0.63		0.83		
Gain on sale of discontinued operations				1.52		0.09
Net income/(loss)	\$	1.00	\$	2.71*	\$	(0.15)
Diluted earnings (loss) per share:						
Income/(loss) from continuing operations	\$	0.37	\$	0.37	\$	(0.24)
Income from discontinued operations		0.63		0.82		
Gain on sale of discontinued operations				1.50		0.09
Net income/(loss)	\$	1.00	\$	2.68*	\$	(0.15)

* Amounts do not add due to rounding

See Notes to Consolidated Financial Statements, pages 35 to 60.

- 30 -

CONSOLIDATED BALANCE SHEETS

December 31

(Dollar amounts in thousands)

	2004	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 881,728	\$ 280,712
Short-term investments	46,064	
Accounts receivable, less allowances of \$4,868 in 2004 and \$5,765 in 2005	340,897	338,793
Accounts receivable from sale of automotive operations	48,770	
Inventories at lower of cost (last-in, first-out) or market:		
Finished goods	172,890	221,968
Work in process	16,726	21,820
Raw materials and supplies	59,166	62,258
	248,782	306,046
Prepaid expenses, income taxes refundable and deferred income taxes	65,425	42,850
Assets of discontinued operations and held for sale	10,813	400
Total current assets	1,642,479	968,801
Property, plant and equipment:		
Land and land improvements	35,034	39,152
Buildings	258,532	266,364
Machinery and equipment	1,308,498	1,396,248
Molds, cores and rings	206,457	225,555
	1,808,521	1,927,319
Less accumulated depreciation and amortization	1,079,101	1,141,094
Net property, plant and equipment	729,420	786,225
Goodwill	48,172	48,172
Intangibles, net of accumulated amortization of \$15,038 in 2004 and \$18,028 in 2005	34,098	31,108
Restricted cash	12,484	12,382
Other assets	201,431	305,498
	\$ 2,668,084	\$ 2,152,186

See Notes to Consolidated Financial Statements, pages 35 to 60.

- 31 -

December 31

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities:

Notes payable	\$ 459	\$ 79
Accounts payable	182,061	157,785
Accrued liabilities	108,197	99,659
Income taxes	1,320	15,390
Liabilities related to the sale of automotive operations	19,201	4,684
Liabilities of discontinued operations	727	
Total current liabilities	311,965	277,597
Long-term debt	773,704	491,618
Postretirement benefits other than pensions	169,484	181,997
Other long-term liabilities	178,282	225,850
Long-term liabilities related to the sale of automotive operations	23,116	14,407
Deferred income taxes	41,000	21,941
Stockholders equity:		
Preferred stock, \$1 par value; 5,000,000 shares authorized; none issued		
Common stock, \$1 par value; 300,000,000 shares authorized; 86,321,889 shares issued in 2004 and 86,322,514 in 2005	86,322	86,323
Capital in excess of par value	38,072	37,667
Retained earnings	1,397,268	1,361,269
Cumulative other comprehensive loss	(74,085)	(86,323)
	1,447,577	1,398,936
Less: common shares in treasury at cost (15,182,567 in 2004 and 25,001,503 in 2005)	(277,044)	(460,160)
Total stockholders equity	1,170,533	938,776
	\$ 2,668,084	\$ 2,152,186

See Notes to Consolidated Financial Statements, pages 35 to 60.

- 32 -

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(Dollar amounts in thousands except per share amounts)

	Common	Capital In Excess of Par Value	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Common Shares in Treasury	Total
Balance at January 1, 2003	\$ 84,862	\$ 18,981	\$ 1,184,115	\$ (149,230)	\$ (197,012)	\$ 941,716
Net income			73,836			73,836
Other comprehensive income:						
Minimum pension liability adjustment, net of \$7,113 tax effect				(12,555)		(12,555)
Currency translation adjustment				55,223		55,223
Change in the fair value of derivatives and unrealized gain on marketable securities, net of \$1,919 tax effect				(3,117)		(3,117)
Comprehensive income						113,387
Stock compensation plans	406	5,832				6,238
Cash dividends \$.42 per share			(30,952)			(30,952)
Balance at December 31, 2003	85,268	24,813	1,226,999	(109,679)	(197,012)	1,030,389
Net income			201,372			201,372
Other comprehensive income:						
Minimum pension liability adjustment, net of \$16,641 tax effect				24,798		24,798
Currency translation adjustment				23,200		23,200

Change in the fair value of derivatives and unrealized gain on marketable securities, net of \$894 tax effect				1,454		1,454
Sale of Automotive				(13,858)		(13,858)
Comprehensive income						236,966
Purchase of treasury shares					(83,064)	(83,064)
Stock compensation plans	1,054	13,259			3,032	17,345
Cash dividends \$.42 per share				(31,103)		(31,103)
Balance at December 31, 2004	86,322	38,072	1,397,268	(74,085)	(277,044)	1,170,533
Net loss			(9,356)			(9,356)
Other comprehensive income (loss):						
Minimum pension liability adjustment, net of \$4,238 tax effect				(4,818)		(4,818)
Currency translation adjustment				(10,714)		(10,714)
Change in the fair value of derivatives and unrealized gain on marketable securities, net of \$2,034 tax effect				3,294		3,294
Comprehensive income (loss)						(21,594)
Purchase of 10,151,636 treasury shares					(189,764)	(189,764)
Stock compensation plans, including tax benefit of \$1,273	1	(405)			6,648	6,244
Cash dividends \$.42 per share				(26,643)		(26,643)
	\$ 86,323	\$ 37,667	\$ 1,361,269	\$ (86,323)	\$ (460,160)	\$ 938,776

**Balance at
December 31, 2005**

See Notes to Consolidated Financial Statements, pages 35 to 60.

- 33 -

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

(Dollar amounts in thousands)

	2003	2004	2005
Operating activities:			
Net income/(loss) from continuing operations	\$ 27,344	\$ 27,446	\$ (15,033)
Adjustments to reconcile net income/(loss) from continuing operations to net cash provided by continuing operations:			
Depreciation	109,709	109,805	108,340
Amortization	5,958	4,792	7,327
Deferred income taxes	11,532	(12,296)	(16,522)
Stock based compensation			248
Joint venture partner losses			(22)
Adjustments to class action warranty	(3,900)	(11,273)	(277)
Restructuring asset write-down		9,251	
Changes in operating assets and liabilities of continuing operations:			
Accounts receivable	(65,529)	(8,379)	(2,952)
Inventories	13,599	(55,823)	(62,715)
Prepaid expenses	15,252	(24,765)	28,156
Accounts payable	39,772	44,154	(21,329)
Accrued liabilities	(22,624)	1,106	15,931
Other non-current items	36,725	(91,335)	30,100
Net cash provided by (used in) continuing operations	167,838	(7,317)	71,252
<i>Net cash provided by (used in) discontinued operations</i>	<i>66,744</i>	<i>109,289</i>	<i>(17,635)</i>
Net cash provided by operating activities	234,582	101,972	53,617
Investing activities:			
Property, plant and equipment	(96,081)	(159,308)	(172,152)
Investment in Kumho Tire Company			(107,961)
Proceeds from the sale of (investment in) available-for-sale debt securities		(46,064)	46,064
Acquisition of businesses, net of cash acquired	(13,110)		
Proceeds from the sale of business		1,172,267	54,270
Proceeds from the sale of assets	474	37	3,709
Net cash provided by (used in) continuing operations	(108,717)	966,932	(176,070)
<i>Net cash provided by (used in) discontinued operations</i>	<i>(53,310)</i>	<i>(45,318)</i>	<i>3,170</i>
Net cash provided by (used in) investing activities	(162,027)	921,614	(172,900)
Financing activities:			
Payments on long-term debt	(12,504)	(90,003)	(278,362)
Net borrowings (repayments) under credit facilities	12,683	(32,751)	(354)
Contributions of joint venture partner			4,210
Purchase of treasury shares		(83,064)	(189,764)
Payment of dividends	(30,952)	(31,103)	(26,643)

Edgar Filing: COOPER TIRE & RUBBER CO - Form 10-K/A

Issuance of common shares	6,238	17,345	4,673
Net cash used in continuing operations	(24,535)	(219,576)	(486,240)
<i>Net cash provided by (used in) discontinued operations</i>	<i>(36,306)</i>	<i>14,495</i>	
Net cash used in financing activities	(60,841)	(205,081)	(486,240)
Effects of exchange rate changes on cash of continuing operations	(10,183)	9,757	4,507
<i>Effects of exchange rate changes on cash of discontinued operations</i>	<i>20,147</i>	<i>(12,960)</i>	
Changes in cash and cash equivalents	21,678	815,302	(601,016)
Cash and cash equivalents at beginning of year	44,748	66,426	881,728
Cash and cash equivalents at end of year	\$ 66,426	\$ 881,728	\$ 280,712
Cash and cash equivalents at end of year:			
Continuing operations	\$ 28,550	\$ 881,728	\$ 280,712
<i>Discontinued operations</i>	<i>37,876</i>		
	\$ 66,426	\$ 881,728	\$ 280,712

See Notes to Consolidated Financial Statements, pages 35 to 60.

- 34 -

Notes to Consolidated Financial Statements

(Dollar amounts in thousands except per share amounts)

Significant Accounting Policies

Reclassification On December 23, 2004, the Company sold its automotive business, Cooper-Standard Automotive (Cooper-Standard) to an entity formed by The Cypress Group and Goldman Sachs Capital Partners. Also in September 2004, the North American Tire Operations segment announced its intent to cease its inner tube business. These operations are considered to be discontinued operations as defined under Statement of Financial Accounting Standard (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, and require specific accounting and reporting.

The Company's consolidated financial statements reflect the accounting and disclosure requirements of SFAS No. 144, which mandate the segregation of operating results for the current year and comparable prior year periods and the balance sheets related to the discontinued operations from those related to ongoing operations. Accordingly, the consolidated statements of operations for the years ended December 31, 2003 and 2004 reflect this segregation as income from continuing operations and income from discontinued operations and the consolidated balance sheet at December 31, 2004 displays the segregation of the total assets of the operations to be sold as an aggregated current asset and the related total liabilities as an aggregated current liability.

Certain amounts for prior years have been reclassified to conform to 2005 presentations.

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries. Acquired businesses are included in the consolidated financial statements from the dates of acquisition. All intercompany accounts and transactions have been eliminated.

The equity method of accounting is followed for investments in 20 percent to 50 percent