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FORM 10-K

TITAN INTERNATIONAL INC - TWI

Filed: February 27, 2013 (period: December 31, 2012)

Annual report with a comprehensive overview of the company

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

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
or

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

Commission file number 1-12936

TITAN INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Illinois	36-3228472
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2701 Spruce Street, Quincy, IL 62301
(Address of principal executive offices)

(217) 228-6011
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, no par value	New York Stock Exchange (Symbol: TWI)

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately $966 million based upon the closing price of the common stock on the New York Stock Exchange on June 30, 2012.

As of February 14, 2013, a total of 53,501,185 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 16, 2013, are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1 – BUSINESS

INTRODUCTION

Titan International, Inc. and its subsidiaries (Titan or the Company) hold the position of being a global wheel, tire and undercarriage industrial group servicing customers across its target markets. As a leading manufacturer in the off-highway industry, Titan produces a broad range of specialty products to meet the specifications of original equipment manufacturers (OEMs) and aftermarket customers in the agricultural, earthmoving/construction and consumer markets. Titan's agricultural market includes rims, wheels, tires and undercarriage systems and components manufactured for use on various agricultural and foresty equipment. Titan's earthmoving/construction market includes wheels, tires and undercarriage systems and components supplied to the mining industry, while the consumer market includes bias truck tires in Latin America, products for all-terrain vehicles (ATVs) and recreational/utility trailers.

As one of the few companies dedicated to off-highway wheel and tire products, Titan's engineering and manufacturing resources are focused on designing quality products that address the needs of our end-users. Titan's team of experienced engineers continually works on new and improved engineered products that evolve with today's applications for the off-highway wheel and tire markets.

- **History**

Titan traces its roots to the Electric Wheel Company in Quincy, Illinois, which was founded in 1890. The Company was incorporated in 1983. The Company has grown through four major acquisitions in recent years. In 2005, Titan Tire Corporation, a subsidiary of the Company, acquired The Goodyear Tire & Rubber Company's North American farm tire assets. In 2006, Titan Tire Corporation of Bryan, a subsidiary of the Company, acquired the off-the-road (OTR) tire assets of Continental Tire North America, Inc. In 2011, the Company acquired The Goodyear Tire & Rubber Company's Latin American farm tire business. In August 2012, the Company purchased a 56% controlling interest in Planet Corporation Group, now known as Titan National (Australia) Holdings PTY LTD (TNAH). In October 2012, the Company completed its acquisition of Titan Europe Plc. These acquisitions have allowed Titan to achieve higher sales levels and enhance product offering in the Company's target markets.

- **Market Segments**

In 2012, Titan's agricultural market sales represented 59% of net sales, the earthmoving/construction market represented 28% and the consumer market represented 13% of net sales.

COMPETITIVE STRENGTHS

Titan's strong market position in the off-highway wheel, tire and undercarriage market, and its long-term core customer relationships contribute to the Company's competitive strengths. These strengths, along with Titan's dedication to the off-highway wheel, tire and undercarriage market, continue to drive the Company forward.

- **Strong Market Position**

Titan's ability to offer a broad range of specialized wheels, tires, assemblies and undercarriage systems and components has resulted in the Company's strong position in the global off-highway market. Through a diverse dealer network, the Company is able to reach an increasing number of customers in the aftermarket and build Titan's image and brand recognition. The Company's acquisition of the Goodyear Farm Tire brand in North America and Latin America contributes to overall visibility and customer confidence. Titan gained a strong presence in Europe and other parts of the world through the 2012 acquisition of Titan Europe Plc. Years of product design and engineering experience have enabled Titan to improve existing products and develop new ones that have been well received in the marketplace. In addition, Titan believes it has benefited from significant barriers to entry, such as the substantial investment necessary to replicate the Company's manufacturing equipment and numerous tools, dies and molds, many of which are used in custom processes.

- **Long-Term Core Customer Relationships**

The Company's top customers, including global leaders in agricultural and construction equipment manufacturing, have been purchasing products from Titan or its predecessors for numerous years. Customers including AGCO Corporation, CNH Global N.V., Deere & Company, Hitachi Construction Machinery, Kubota Corporation and Liebherr Group have helped sustain Titan's leadership in wheel, tire and assembly innovation.

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BUSINESS STRATEGY

Titan's business strategy is to increase its presence in the segments it serves through giant OTR, strategic worldwide acquisitions, and continuing to improve operating efficiencies.

- **Giant Mining Tire Product**

The Company's 2006 acquisition of the OTR tire assets of Continental Tire North America, Inc. in Bryan, Ohio, expanded Titan's product offering into larger earthmoving, construction and mining tires. The Company subsequently expanded the Bryan facility production capacity to include giant mining tires. The mining tire market currently offers attractive opportunities and the Company is expanding capacity to help meet the demand for these giant tires.

- **Increase Aftermarket Tire Business**

The Company has concentrated on increasing its presence in the tire aftermarket, which historically has tended to be somewhat less cyclical than the OEM market. The aftermarket also offers the potential for higher profit margins and is larger in most cases.

- **Improve Operating Efficiencies**

The Company constantly works to improve the operating efficiency of its assets and manufacturing facilities. Titan integrates each facility's strengths, which may include transferring equipment and business to the facilities that are best equipped to handle the work. This provides capacity to increase utilization and spread operating costs over a greater volume of products. Titan is also continuing a comprehensive program to refurbish, modernize and enhance the computer technology of its manufacturing equipment.

- **Enhance Design Capacity and New Product Development**

Equipment manufacturers constantly face changing industry dynamics. Titan directs its business and marketing strategy to understand and address the needs of its customers and demonstrate the advantages of its products. In particular, the Company often collaborates with customers in the design of new and enhanced products. Titan recommends modified products to its customers based on its own market information. These value-added services enhance Titan's relationships with its customers. The Company tests new designs and technologies and develops methods of manufacturing to improve product quality and performance. Titan's engineers have introduced designs for giant mining wheels and tires, which employ an innovative steel radial construction technology.

- **Explore Additional Strategic Acquisitions**

The Company's expertise in the manufacture of off-highway wheels, tires and undercarriage systems and components has permitted it to take advantage of opportunities to acquire businesses that complement this product line. In the future, Titan may make additional strategic acquisitions of businesses that have an off-highway focus. The Company is currently exploring worldwide opportunities to expand manufacturing and distribution into new geographies.

For additional information concerning the revenues, certain expenses, income from operations and assets attributable to each of the segments in which the Company operates, see Note 31 to the Company's consolidated financial statements, included in Item 8 of our 2012 Form 10-K.

AGRICULTURAL MARKET

Titan's agricultural rims, wheels, tires and undercarriage systems and components are manufactured for use on various agricultural and forestry equipment, including tractors, combines, skidders, plows, planters and irrigation equipment, and are sold directly to OEMs and to the aftermarket through independent distributors, equipment dealers and Titan's own distribution centers. The wheels and rims range in diameter from 9 to 54 inches, with the 54-inch diameter being the largest agricultural wheel manufactured in North America. Basic configurations are combined with distinct variations (such as different centers and a wide range of material thickness) allowing the Company to offer a broad line of products to meet customer specifications. Titan's agricultural tires range from approximately 1 foot to approximately 7 feet in outside diameter and from 5 to 49 inches in width. The Company offers the added value of delivering a complete wheel and tire assembly to customers.

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EARTHMOVING/CONSTRUCTION MARKET
The Company manufactures rims, wheels, tires and undercarriage systems and components for various types of OTR earthmoving, mining, military and construction equipment, including skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks and backhoe loaders. The earthmoving/construction market is often referred to as OTR, an acronym for off-the-road. The Company provides OEM and aftermarket customers with a broad range of earthmoving/construction wheels ranging in diameter from 20 to 63 inches and in weight from 125 pounds to 7,000 pounds. The 63-inch diameter wheel is the largest manufactured in North America for the earthmoving/construction market. Titan's earthmoving/construction tires range from approximately 3 feet to approximately 13 feet in outside diameter and in weight from 50 pounds to 12,500 pounds. The Company offers the added value of wheel and tire assembly for certain applications in the earthmoving/construction market.

CONSUMER MARKET
Titan manufactures bias truck tires in Latin America, provides wheels and tires and assembles brakes, actuators and components for the domestic boat, recreational and utility trailer markets. Titan also offers select products for ATVs, turf, and golf cart applications. Likewise, Titan produces a variety of tires for the consumer market.

MARKET SALES

(Amounts in thousands)	Year ended December 31, 2012		2011		2010	
	Net Sales	% of Total Net Sales	Net Sales	% of Total Net Sales	Net Sales	% of Total Net Sales
Agricultural	$ 1,080,412	59%	$ 960,693	64%	$ 675,178	76%
Earthmoving/construction	501,617	28%	306,821	21%	191,042	22%
Consumer	238,649	13%	219,484	15%	15,371	2%
	$ 1,820,678		$ 1,486,998		$ 881,591	

MARKET CONDITIONS OUTLOOK
In 2012, Titan experienced higher sales than 2011. The higher sales levels were primarily the result of increased demand in the Company's agricultural and earthmoving/construction segments combined with price/mix improvements, as well as recent acquisitions including the April 2011 acquisition of the Goodyear Latin American farm tire business and the October 2012 acquisition of Titan Europe Plc. For 2013, the Company expects sales to continue at strong levels, offset by the potential for weaker demand in the European earthmoving/construction market.

OUR CUSTOMER END MARKETS
The Company's primary end-user markets include agricultural equipment, mining equipment, construction equipment, military vehicles, ATVs and other recreational vehicles.

The demand and growth rates for the Company's products are influenced by the prevailing trends driving growth of the end industries of its customers. The Company believes that the majority of the wheels in its industry are sold through the OEM channel with a modest portion sold to the aftermarket. The Company believes approximately 60% of tires in its industry are sold through the aftermarket channel and the remaining 40% are sold to OEMs.

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The largest portion of the Company's sales is to the agricultural equipment sector. Of the Company's sales for the fiscal year ended December 31, 2012, 59% were to the Agricultural segment. The Company's products are sold directly to OEMs, independent distributors, equipment dealers, and through distribution centers. Growth in this market is largely driven by:

- Crop yields and prices of corn, soybean, wheat and livestock feed (these directly influence farm income which is the strongest determinant of farm equipment purchases);
- Average age and replacement cycle of agricultural equipment:
- The number of tractors in operation;
- Favorable tax depreciation provisions for farmers;
- Favorable financing terms given by OEMs;
- Commodity prices;
- Change in diets / protein;
- Dealer confidence;
- Section 179 Bonus Depreciation;
- Government subsidies to farmers; and
- Ethanol production.

Based on the factors noted above, this strong demand has caused corn prices to reach high levels of over $8.30 per bushel in August 2012 and are currently at approximately $6.95 per bushel as of February 19, 2013 according to Commodity Systems Inc. (CSI) Market Data. This compares favorably to a long-term average of closer to $4.10 per bushel for the period between February 20, 2003 to February 19, 2013. The chart below demonstrates the recent relative strength in corn prices, which should contribute to stronger farm incomes and greater demand for the Company's products.

Corn Prices, $/Bushel (2003- 2013)

Source: Commodity Systems Inc. (CSI) Market Data

Of the Company's sales for the fiscal year ended December 31, 2012, 28% were to the Earthmoving/Construction segment. Its sales in this segment are to mining customers, as well as the construction and military end markets. The key drivers for demand include factors affecting these industries, such as commodity prices, road construction, infrastructure, government appropriations and housing starts. Many of these factors are very sensitive to interest rate fluctuations. Higher commodity prices continue to support earthmoving and mining sales.

Of the Company's sales for the fiscal year ended December 31, 2012, 13% were to the Consumer segment, which includes the all-terrain vehicle (ATV) wheel and tire market. Many factors affect the consumer market including weather, competitive pricing, energy prices, interest rates and consumer attitude.

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OPERATIONS

Titan's operations include manufacturing wheels, manufacturing tires, combining these wheels and tires into assemblies, and manufacturing undercarriage systems and components for use in the agricultural, earthmoving/construction and consumer markets. These operations entail many manufacturing processes in order to complete the finished products.

- **Wheel Manufacturing Process**

Most agricultural wheels are produced using a rim and a center disc. A rim is produced by first cutting large steel sheets to required width and length specifications. These steel sections are rolled and welded to form a circular rim, which is flared and formed in the rollform operation. The majority of discs are manufactured using presses that both blank and form the center to specifications in multiple stage operations. The Company e-coats wheels using a multi-step process prior to the final paint top coating.

Large earthmoving/construction steel wheels are manufactured from hot and cold-rolled steel sections. Hot-rolled sections are generally used to increase cross section thickness in high stress areas of large diameter wheels. A special cold forming process for certain wheels is used to increase cross section thickness while reducing the number of wheel components. Rims are built from a series of hoops that are welded together to form a rim base. The complete rim base is made from either three or five separate parts that lock together after the rubber tire has been fitted to the wheel and inflated.

For most consumer market wheels, the Company manufactures rims and center discs from steel sheets. Rims are rolled and welded, and discs are stamped and formed from the sheets. The manufacturing process then entails welding the rims to the centers and painting the assembled product.

- **Tire Manufacturing Process**

The first stage in tire production is the mixing of rubber, carbon black and chemicals to form various rubber compounds. These rubber compounds are then extruded and processed with textile or steel materials to make specific components. These components – beads (wire bundles that anchor the tire with the wheel), plies (layers of fabric that give the tire strength), belts (fabric or steel fabric wrapped under the tread in some tires), tread and sidewall – are then assembled into an uncured tire carcass. The uncured carcass is placed into a press that molds and vulcanizes the carcass under set time, temperature and pressure into a finished tire.

- **Wheel and Tire Assemblies**

The Company's position as a manufacturer of both wheels and tires allows Titan to mount and deliver one of the largest selections of off-highway assemblies in North America. Titan offers this value-added service of one-stop shopping for wheel and tire assemblies for the agricultural, earthmoving/construction and consumer markets. Customer orders are entered into the Company's system either through electronic data interchange or manually. The appropriate wheel-tire assembly delivery schedule is established based on each customer's requirements and products are received by the customer on a just-in-time basis.

- **Undercarriage Manufacturing Process**

The undercarriage components (track groups, track and carrier rollers, idler assemblies and sprockets) are all manufactured from steel produced according to specifications.

All of the track groups produced by the Company are built from four major parts: shoes, right and left hand links, pins and bushings. Shoes are manufactured from steel cast in the Company foundry or obtained from different shapes of hot rolled profiles (depending on application), sheared to length, and then heat treated for high wear bending and breaking resistance. Right and left hand links are hot forged, trimmed, mass heat treated, machined and finally induction hardened on rail surface for optimal wear and fatigue resistance. Pins are made from round bars that are cut, machined, heat treated and surface finished. Bushings are generally cold extruded, machined, mass heat treated, and finally carburized or induction hardened for wear resistance and optimal toughness.

The lifetime lubricated and maintenance free track and carrier rollers are assembled with two major components: single or double flange roller shells (typically hot forged in halves, deep hardened, friction or arc welded and finish machined with metallurgical characteristics depending upon size and application) and shafts (generally cut from bars or forged, mass heat treated, rough machined, induction hardened and ground).

The idler assemblies are also lifetime lubricated, for virtually no maintenance. They are offered with cast (single web or hollow design) or fabricated shells, depending on size and application, and feature induction hardened tread surfaces for optimal wear resistance.

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The sprockets, designed to transfer the machine driving loads from the final drive to the track, are produced cast or forged in several geometric options, depending upon size and application. They are also heat treated for wear resistance and cracking resistance.

The undercarriage systems, custom designed and produced by the Company, consist of a structured steel fabricated frame, all the undercarriage components mentioned above (track groups, track and carrier rollers, sprockets and idler assemblies) and a final drive. They are completely assembled in house, for consistent quality.

- **Quality Control**

The Company is ISO certified at all five main domestic manufacturing facilities located in Bryan, Ohio; Des Moines, Iowa; Freeport, Illinois; Quincy, Illinois; and Saltville, Virginia, and at the majority of the foreign manufacturing facilities, as well. The ISO series is a set of related and internationally recognized standards of management and quality assurance. The standards specify guidelines for establishing, documenting and maintaining a system to ensure quality. The ISO certifications are a testament to Titan's dedication to providing quality products for its customers.

RAW MATERIALS

Steel and rubber are the primary raw materials used by the Company in all segments. To ensure a consistent steel supply, Titan purchases raw steel from key steel mills and maintains relationships with steel processors for steel preparation. The Company is not dependent on any single producer for its steel supply. Rubber and other raw materials for tire manufacture represent some of the Company's largest commodity expenses. Titan buys rubber in markets where there are usually several sources of supply. In addition to the development of key domestic suppliers, the Company's strategic procurement plan includes international steel and rubber suppliers to assure competitive price and quality in the global marketplace. As is customary in the industry, the Company does not have long-term contracts for the purchase of steel or rubber and, therefore, purchases are subject to price fluctuations.

CAPITAL EXPENDITURES

Capital expenditures for 2012, 2011 and 2010 were $65.7 million, $35.7 million and $28.9 million, respectively. The capital expenditures in each year were used primarily for updating manufacturing equipment, expanding manufacturing capacity and for further automation at the Company's facilities. Capital expenditures for 2013 are forecasted to be approximately $70 million to $75 million. These capital expenditures are anticipated to be used to expand capacity and enhance the Company's existing facilities and manufacturing capabilities.

PATENTS, TRADEMARKS AND ROYALTIES

The Company owns various patents and trademarks and continues to apply for patent protection for new products. While patents are considered significant to the operations of the business, at this time Titan does not consider any one of them to be of such importance that the patent's expiration or invalidity could materially affect the Company's business. However, due to the difficult nature of predicting the interpretation of patent laws, the Company cannot anticipate or predict any material adverse effect on its operations, cash flows or financial condition as a result of associated liabilities created under such patent interpretations should the Company be unable to protect its patents or found to be infringing others' patents.

The Company has a trademark license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain tires in North America and Latin America under the Goodyear name. The North American and Latin American farm tire royalties were prepaid through March 2018 as a part of the 2011 Goodyear Latin American farm tire acquisition. In May 2012, the Company and Goodyear entered into an agreement under which Titan will sell certain non-farm tire products directly to third party customers and pay a royalty to Goodyear.

MARKETING AND DISTRIBUTION

The Company employs an internal sales force and utilizes several manufacturing representative firms for sales in North America, Europe, Latin America and other worldwide locations. Sales representatives are primarily organized within geographic regions.

Titan distributes wheels, tires, and undercarriage systems directly to OEMs. The distribution of aftermarket tires occurs primarily through a network of independent and OEM-affiliated dealers. The Company distributes wheels, tires, wheel and tire assemblies, and undercarriage systems directly to OEMs and aftermarket customers through its distribution network consisting of facilities worldwide.

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SEASONALITY

Agricultural equipment sales are seasonal by nature. Farmers generally order equipment to be delivered before the growing season. Shipments to OEMs in the U.S. and Europe usually peak during the Company's first and second quarters for the spring planting period, while shipments in Latin America usually peak during the Company's second and third quarter for the fall planting period. Earthmoving/construction and consumer markets also historically tend to experience higher demand in the first and second quarters. These markets are affected by mining, building and economic conditions.

RESEARCH, DEVELOPMENT AND ENGINEERING

The Company's research, development and engineering staff tests original designs and technologies and develops new manufacturing methods to improve product performance. These services enhance the Company's relationships with its customers. Titan's engineers have introduced designs for giant OTR tires. These giant tires employ an innovative steel radial construction technology. Research and development (R&D) expenses are expensed as incurred. R&D costs were $7.1 million, $4.2 million and $6.3 million for the years of 2012, 2011 and 2010, respectively.

CUSTOMERS

Titan's 10 largest customers accounted for approximately 50% of net sales for the year ended December 31, 2012, compared to approximately 55% for the year ended December 31, 2011. Net sales to Deere & Company in Titan's agricultural, earthmoving/construction and consumer markets combined represented approximately 19% and 18% of the Company's consolidated revenues for the years ended December 31, 2012 and 2011, respectively. Net sales to CNH Global N.V. in Titan's three markets represented approximately 10% and 11% of the Company's consolidated revenues for the years ended December 31, 2012 and 2011, respectively. No other customer accounted for more than 10% of the Company's net sales in 2012 or 2011. Management believes the Company is not totally dependent on any single customer; however, certain products are dependent on a few customers. While the loss of any substantial customer could impact Titan's business, the Company believes that its diverse product mix and customer base may minimize a longer-term impact caused by any such loss.

ORDER BACKLOG

As of January 31, 2013, Titan estimates $753 million in firm orders compared to $542 million at January 31, 2012, for the Company's operations. Orders are considered firm if the customer would be obligated to accept the product if manufactured and delivered pursuant to the terms of such orders. The Company believes that the majority of the current order backlog will be filled during the present year.

INTERNATIONAL OPERATIONS

In April of 2011, the Company closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business. As a result of this transaction, the Company operates a manufacturing facility in Sao Paulo, Brazil. The Latin American operations recorded approximately 18% and 19% of the Company's sales for the years ended December 31, 2012 and 2011, respectively.

In October of 2012, the Company closed on the acquisition of Titan Europe Plc and, as a result, expanded its global footprint. The Titan Europe operations accounted for approximately 6% of the Company's 2012 sales. Prior to this acquisition, Titan Europe Plc was publicly traded on the AIM market in London, England and the Company maintained an investment in Titan Europe Plc, which was recorded as an available-for-sale security and reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of comprehensive income in stockholders' equity. The Company's stock ownership interest in Titan Europe Plc was 21.8% at December 31, 2011. The fair value of the Company's investment in Titan Europe Plc was $29.0 million at December 31, 2011.

EMPLOYEES

At December 31, 2012, the Company employed approximately 6,300 people worldwide, including approximately 3,400 located outside the United States.

The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities, and the Des Moines, Iowa facility, expired in November 2010 and November 2012, respectively, for the employees covered by their respective collective bargaining agreements, which account for approximately 46% of the Company's U.S. employees. As of December 31, 2012, the employees of these three facilities were working without a contract under the terms of the Company's latest offer.

Outside the United States, the Company enters into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction.

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ENVIRONMENTAL LAWS AND REGULATIONS
In the ordinary course of business, like other industrial companies, Titan is subject to extensive and evolving federal, state and local environmental laws and regulations, and has made provisions for the estimated financial impact of environmental cleanup. The Company's policy is to accrue environmental cleanup related costs of a non-capital nature when those costs are believed to be probable and can be reasonably estimated. Expenditures that extend the life of the related property, or mitigate or prevent future environmental contamination, are capitalized. The Company does not currently anticipate any material capital expenditures for environmental control facilities. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, advances in environmental technologies, the quality of information available related to specific sites, the assessment stage of the site investigation, preliminary findings and the length of time involved in remediation or settlement. Due to the difficult nature of predicting future environmental costs, the Company cannot anticipate or predict the material adverse effect on its operations, cash flows or financial condition as a result of efforts to comply with, or its liabilities under, environmental laws.

COMPETITION
The Company competes with several domestic and international companies, some of which are larger and have greater financial and marketing resources than Titan. The Company believes it is a primary source of steel wheels and rims to the majority of its North American customers. Major competitors in the off-highway wheel market include Carlisle Companies Incorporated, GKN Wheels, Ltd., Topy Industries, Ltd. and certain other foreign competitors. Significant competitors in the off-highway tire market include Bridgestone/Firestone, Carlisle Companies Incorporated, Michelin, Pirelli and certain other foreign competitors. Significant competitors in the undercarriage market include Berco and Caterpillar.

The Company competes primarily on the basis of price, quality, customer service, design capability and delivery time. The Company's ability to compete with international competitors may be adversely affected by currency fluctuations. Titan owns the molds and dies used to produce its wheels and tires. However, certain of the Company's OEM customers could, under individual circumstances, elect to manufacture the Company's products to meet their requirements or to otherwise compete with the Company. There can be no assurance that the Company will not be adversely affected by increased competition in the markets in which it operates, or that competitors will not develop products that are more effective, less expensive or otherwise render certain of Titan's products less competitive. From time to time, certain of the Company's competitors have reduced their prices in particular product categories, which has prompted Titan to reduce prices as well. There can be no assurance that competitors of the Company will not further reduce prices in the future or that any such reductions would not have a material adverse effect on the Company.

PURCHASE OF TITAN EUROPE PLC
On October 31, 2012, Titan acquired over 97% of the outstanding stock of Titan Europe Plc (Titan Europe) and in December 2012, the 100% acquisition was completed. Titan Europe is an international engineering group which designs and manufactures wheels, undercarriage components and assemblies for tracked and wheeled "off-road vehicles." Prior to the acquisition, Titan held a 21.8% ownership percentage in Titan Europe. Titan Europe shareholders received one share of new Titan common stock for every 11 Titan Europe shares held. A total of 6,257,051 new shares of Titan common stock were issued with a value of $121.8 million. In addition, Titan paid cash of $5.6 million for option payouts and partial shares. Titan's previous investment in Titan Europe had a fair value on the acquisition date of $31.7 million. Total consideration including the value of stock issued, cash payments, and the fair value of previously held Titan Europe shares totaled $159.1 million. A gain of $26.7 million was recorded on Titan's previously held interest in Titan Europe which was recorded as Noncash Titan Europe Plc gain in the consolidated statement of operations. This gain was previously recorded in other comprehensive income.

PURCHASE OF GOODYEAR'S LATIN AMERICAN FARM TIRE BUSINESS
On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business for approximately $98.6 million U.S. dollars. The transaction included Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment; inventories; a licensing agreement that allows Titan to sell Goodyear-brand farm tires in Latin America until 2018; and extends the North American licensing agreement until 2018.

NEW YORK STOCK EXCHANGE CERTIFICATION
The Company submitted to the New York Stock Exchange during fiscal 2012 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

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AVAILABLE INFORMATION
The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports are made available, without charge, through the Company's website located at www.titan-intl.com as soon as reasonably practicable after they are filed with the Securities and Exchange Commission (SEC). The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The following documents are also posted on the Company's website:

- Corporate Governance Policy
- Business Conduct Policy
- Audit Committee Charter
- Compensation Committee Charter
- Nominating/Corporate Governance Committee Charter

Printed copies of these documents are available, without charge, by writing to: Titan International, Inc., c/o Corporate Secretary, 2701 Spruce Street, Quincy, IL 62301.

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ITEM 1A – RISK FACTORS

The Company is subject to various risks and uncertainties relating to or arising out of the nature of its business and general business, economic, financing, legal and other factors or conditions that may affect the Company. Realization of any of the following risks could have a material adverse effect on Titan's business, financial condition, cash flows and results of operations.

- **The Company is exposed to price fluctuations of key commodities.**
  The Company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge exposures to commodity market price fluctuations. Therefore, the Company is exposed to price fluctuations of key commodities, which consist primarily of steel and rubber. Although the Company attempts to pass on certain material price increases to its customers, there is no assurance that the Company will be able to do so in the future. Any increase in the price of steel and rubber that is not passed on to customers could have an adverse material effect on Titan's results of operations.

- **The Company relies on a limited number of suppliers.**
  The Company currently relies on a limited number of suppliers for certain key commodities, which consist primarily of steel and rubber, in the manufacturing of Titan products. The loss of key suppliers or their inability to meet price, quality, quantity and delivery requirements could have a significant adverse impact on the Company's results of operations.

- **The Company's revolving credit facility and other debt obligations contain covenants.**
  The Company's revolving credit facility and other debt obligations contain covenants and restrictions. These covenants and restrictions could limit Titan's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions. The failure to meet these items could result in the Company ultimately being in default. Titan's ability to comply with the covenants may be affected by events beyond its control, including prevailing economic, financial and industry conditions.

- **The Company operates in cyclical industries and is subject to numerous changes in the economy.**
  The Company's sales are substantially dependent on three major industries: agricultural equipment, earthmoving/construction equipment and consumer products. The business activity levels in these industries are subject to specific industry and general economic cycles. Any downturn in these industries or the general economy could have an adverse material effect on Titan's business.

  The agricultural equipment industry is affected by crop prices, farm income and farmland values, weather, export markets and government policies. The earthmoving/construction industry is affected by the levels of government and private construction spending and replacement demand. The consumer products industry is affected by consumer disposable income, weather, competitive pricing, energy prices and consumer attitudes. In addition, the performance of these industries is sensitive to interest rate and foreign exchange rate changes and varies with the overall level of economic activity.

- **The Company's customer base is relatively concentrated.**
  The Company's ten largest customers, which are primarily original equipment manufacturers (OEMs), accounted for approximately 50% of Titan's net sales for 2012. Net sales to Deere & Company and CNH Global N.V. represented 19% and 10% , respectively, of total 2012 net sales. No other customer accounted for more than 10% of net sales in 2012. As a result, Titan's business could be adversely affected if one of its larger customers reduces its purchases from Titan due to work stoppages or slow-downs, financial difficulties, as a result of termination provisions, competitive pricing or other reasons. There is also continuing pressure from the OEMs to reduce costs, including the cost of products and services purchased from outside suppliers such as Titan. The Company has had long-term relationships with major customers and expects to continue these relationships. There can be no assurance that Titan will be able to maintain such ongoing relationships. Any failure to maintain the Company's relationship with a leading customer could have an adverse effect on results of operations.

- **The Company's revenues are seasonal in nature due to Titan's dependence on seasonal industries.**
  The agricultural, earthmoving/construction and recreational industries are seasonal, with typically lower sales during the second half of the year. This seasonality in demand has resulted in fluctuations in the Company's revenues and operating results. Because much of Titan's overhead expenses are fixed, seasonal trends can cause reductions in quarterly profit margins and financial condition, especially during slower periods.

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- **The Company may be adversely affected by changes in government regulations and policies.**
  Domestic and foreign political developments and government regulations and policies directly affect the agricultural, earthmoving/construction and consumer products industries in the United States and abroad. Regulations and policies in the agricultural industry include those encouraging farm acreage reduction in the United States and granting ethanol subsidies. Regulations and policies relating to the earthmoving/construction industry include the construction of roads, bridges and other items of infrastructure. The modification of existing laws, regulations or policies or the adoption of new laws, regulations or policies could have an adverse effect on any one or more of these industries and therefore on Titan's business.

- **The Company is subject to corporate governance requirements, and costs related to compliance with, or failure to comply with, existing and future requirements could adversely affect Titan's business.**
  The Company is subject to corporate governance requirements under the Sarbanes-Oxley Act of 2002, as well as new rules and regulations subsequently adopted by the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and the New York Stock Exchange (NYSE). These laws, rules and regulations continue to evolve and may become increasingly restrictive in the future. Failure to comply with these laws, rules and regulations may have an adverse material effect on Titan's reputation, financial condition and the value of the Company's securities.

- **The Company faces substantial competition from domestic and international companies.**
  The Company competes with several domestic and international competitors, some of which are larger and have greater financial and marketing resources than Titan. Titan competes primarily on the basis of price, quality, customer service, design capability and delivery time. The Company's ability to compete with international competitors may be adversely affected by currency fluctuations. In addition, certain OEM customers could, under certain circumstances, elect to manufacture certain products to meet their own requirements or to otherwise compete with Titan.

  There can be no assurance that Titan's businesses will not be adversely affected by increased competition in the Company's markets or that competitors will not develop products that are more effective or less expensive than Titan products or which could render certain products less competitive. From time to time certain competitors have reduced prices in particular product categories, which has caused Titan to reduce prices. There can be no assurance that in the future Titan's competitors will not further reduce prices or that any such reductions would not have a material adverse effect on Titan's business.

- **The Company could be negatively impacted if Titan fails to maintain satisfactory labor relations.**
  The Company is party to collective bargaining agreements. Upon the expiration of any of the collective bargaining agreements, however, Titan may be unable to negotiate new collective bargaining agreements on terms that are cost effective to the Company. The business operations may be affected as a result of labor disputes or difficulties and delays in the process of renegotiating collective bargaining agreements.

  The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities, and the Des Moines, Iowa facility, expired in November 2010 and November 2012, respectively, for the employees covered by their respective collective bargaining agreements, which account for approximately 46% of the Company's U.S employees. As of December 31, 2012, the employees of these three facilities were working without a contract under the terms of the Company's latest offer. The respective unions have retained their rights to challenge the Company's actions.

- **Unfavorable outcomes of legal proceedings could adversely affect results of operations.**
  The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict any material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

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- **Acquisitions may require significant resources and/or result in significant losses, costs or liabilities.**
Any future acquisitions will depend on the ability to identify suitable acquisition candidates, to negotiate acceptable terms for their acquisition and to finance those acquisitions. Titan will also face competition for suitable acquisition candidates that may increase costs. In addition, acquisitions require significant managerial attention, which may be diverted from current operations. Furthermore, acquisitions of businesses or facilities entail a number of additional risks, including:

  - problems with effective integration of operations;
  - the inability to maintain key pre-acquisition customer, supplier and employee relationships;
  - the potential that expected benefits or synergies are not realized and operating costs increase; and
  - exposure to unanticipated liabilities.

  Subject to the terms of indebtedness, the Company may finance future acquisitions with cash from operations, additional indebtedness and/or by issuing additional equity securities. These commitments may impair the operation of Titan's businesses. In addition, the Company could face financial risks associated with incurring additional indebtedness such as reducing liquidity and access to financing markets and increasing the amount of cash flow required to service such indebtedness.

- **The Company has foreign sales and purchases raw material from foreign suppliers.**
The Company had total aggregate foreign sales of approximately $635.2 million, $164.4 million and $80.2 million, for the years ended December 31, 2012, 2011 and 2010, respectively.

  Export Sales – Exports to foreign markets are subject to a number of special risks, including but not limited to risks with respect to currency exchange rates, economic and political destabilization, other disruption of markets and restrictive actions by foreign governments (such as restrictions on transfer of funds, export duties and quotas and foreign customs). Other risks include changes in foreign laws regarding trade and investment; difficulties in obtaining distribution and support; nationalization; reforms of United States laws and policies affecting trade, foreign investment and loans; and foreign tax laws. There can be no assurance that one, or a combination of these factors will not have a material adverse effect on the Company's ability to increase or maintain its export sales.

  Foreign Suppliers – The Company purchases raw materials from foreign suppliers. The production costs, profit margins and competitive position of the Company are affected by the strength of the currencies in countries where Titan purchases goods, relative to the strength of the currencies in countries where the products are sold. The Company's results of operations, cash flows and financial position may be affected by fluctuations in foreign currencies.

- **The Company may be subject to product liability and warranty claims.**
The Company warrants its products to be free of certain defects and accordingly may be subject in the ordinary course of business to product liability or product warranty claims. Losses may result or be alleged to result from defects in Titan products, which could subject the Company to claims for damages, including consequential damages. There can be no assurance that Company insurance will be adequate for liabilities actually incurred or that adequate insurance will be available on terms acceptable to the Company. Any claims relating to defective products that result in liability exceeding Titan's insurance coverage could have a material adverse effect on financial condition and results of operations. Further, claims of defects could result in negative publicity against Titan, which could adversely affect the Company's business.

- **The Company has incurred, and may incur in the future, net losses.**
The Company reported net loss of $(5.9) million for the year ended December 31, 2010, and may incur net losses in the future. Although the Company reported net income for the years ended December 31, 2011 and 2012 and the Company expects to generate future profitability, there is no guarantee the Company will be profitable in the future.

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- **The Company may be adversely affected by a disruption in, or failure of, information technology systems.**
The Company relies upon information technology systems, some of which are managed by third parties, to process, transmit and store electronic information. Technology systems are used in a variety of business processes and activities, including purchasing, manufacturing, distribution, invoicing and financial reporting. The Company utilizes security measures and business continuity plans to prevent, detect and remediate damage from computer viruses, natural disasters, unauthorized access, utility failures and other similar disruptions. Despite these measures, a security breach or information technology system failure may disrupt and adversely affect the Company's operations.

- **The Company is subject to risks associated with climate change and climate change regulations.**
Governmental regulatory bodies in the United States and other countries have, or are, contemplating introducing regulatory changes in response to the potential impacts of climate change. Laws and regulations regarding climate change and energy usage may impact the Company directly through higher costs for energy and raw materials. The Company's customers may also be affected by climate change regulations that may impact future purchases. Physical climate change may potentially have a large impact on the Company's two largest industry segments, agriculture and earthmoving/construction. The potential impacts of climate change and climate change regulations are highly uncertain at this time, and the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of climate change and climate change regulations.

- **The Company is subject to risks associated with environmental laws and regulations.**
The Company's operations are subject to federal, state, local and foreign laws and regulations governing, among other things, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. The Company's operations entail risks in these areas, and there can be no assurance that Titan will not incur material costs or liabilities. In addition, potentially significant expenditures could be required in order to comply with evolving environmental and health and safety laws, regulations or requirements that may be adopted or imposed in the future.

- **The Company may incur additional tax expense or tax exposure.**
The Company is subject to income taxes in the United States and numerous foreign jurisdictions, and has domestic and international tax liabilities which are dependent upon the distribution of income among these different jurisdictions. Titan's income tax provision and cash tax liability in the future could be adversely affected by numerous factors, including income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws and regulations.

- **The Company is subject to foreign currency translation risk.**
The Company continues to expand globally and now operates in many worldwide locations and transacts business in many foreign currencies. Titan's financial statements are reported in U.S. dollars with financial statements of international subsidiaries being initially recorded in foreign currencies and translated into U.S. dollars. Large fluctuations in currency exchange rates between the U.S. dollar and other world currencies may materially adversely affect the Company's financial condition, results of operations and liquidity.

- **Concerns regarding the European debt crisis and market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect Titan's business, results of operations and financing.**
Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Company's euro- denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally, and more specifically on the ability of the Company and Titan's customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, on the availability of supplies and materials and on the demand for Titan's products.

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ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

ITEM 2 – PROPERTIES

The Company's properties with total square footage above 1 million are detailed by the location, size and focus of each facility as provided in the table below:

	Approximate square footage			
Location	Owned	Leased	Use	Segment
Union City, Tennessee	2,149,000		Manufacturing, distribution	All segments
Des Moines, Iowa	2,047,000		Manufacturing, distribution	All segments
Sao Paulo, Brazil	1,282,000		Manufacturing, distribution	All segments
Quincy, Illinois	1,209,000		Manufacturing, distribution	All segments
Freeport, Illinois	1,202,000		Manufacturing, distribution	All segments
Natchez, Mississippi		1,203,000	Storage	See note (a)

(a) The Natchez facility is currently being used for storage. The Company's facility in Natchez, Mississippi is not in operation.

The Company's total properties by continent are detailed by the location, size and focus as provided in the table below:

	Approximate square footage			
Location	Owned	Leased	Use	Segment
North America	8,539,000	1,639,000	Manufacturing, distribution	All segments
South America	1,282,000	111,000	Manufacturing, distribution	All segments
Europe	1,039,000	119,000	Manufacturing, distribution	All segments
Australia		1,085,000	Manufacturing, distribution	All segments
Asia	60,000	149,000	Manufacturing, distribution	All segments
Africa		37,000	Manufacturing, distribution	All segments

The Company considers each of its facilities to be in good condition and adequate for present use. Management believes that the Company has sufficient capacity to meet current market demand with the active facilities. The Company has no current plans to restart manufacturing at the storage facility described in note (a) above.

ITEM 3 – LEGAL PROCEEDINGS

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

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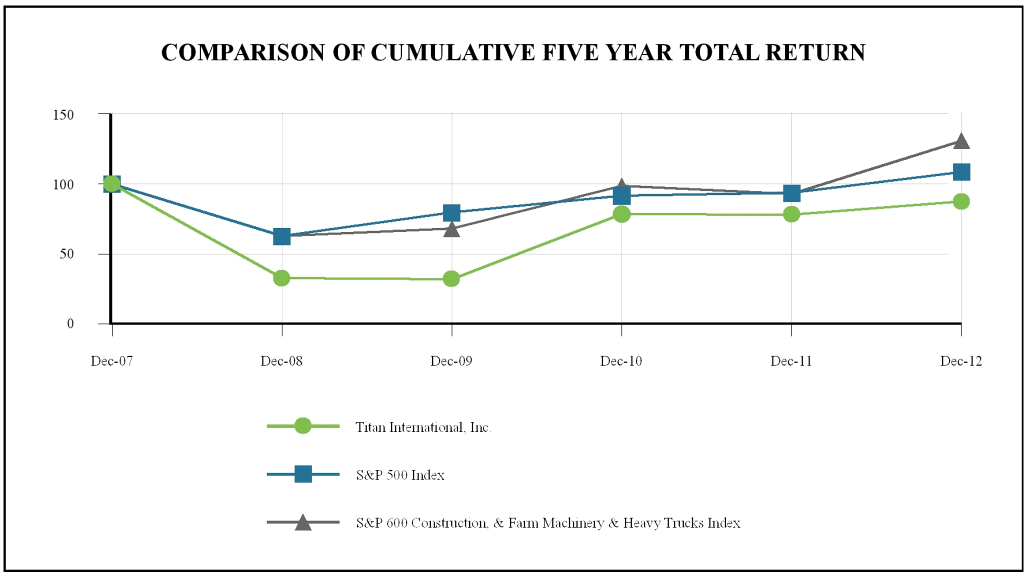
PART II

ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is traded on the New York Stock Exchange (NYSE) under the symbol TWI. On February 15, 2013, there were approximately 500 holders of record of Titan common stock and an estim ated 16,700 beneficial stockholders. The following table sets forth the high and low sales prices per share of common stock as reported on the NYSE, as well as information concerning per share dividends declared for the periods indicated.

2012	High	Low	Dividends Declared
First quarter	$ 26.95	$ 19.53	$ 0.005
Second quarter	29.93	20.06	0.005
Third quarter	25.54	16.86	0.005
Fourth quarter	22.06	17.51	0.005
2011			
First quarter	$ 26.65	$ 17.92	$ 0.005
Second quarter	31.42	20.74	0.005
Third quarter	27.92	15.37	0.005
Fourth quarter	23.34	13.00	0.005

PERFORMANCE COMPARISON GRAPH
The performance graph compares cumulative total return for the Company's common stockholders over the past five years against the cumulative total return of the Standard & Poor's 600 Construction and Farm Machinery and Heavy Trucks Index, and against the Standard & Poor's 500 Stock Index. The graph depicts the value on December 31, 2012, of a $100 investment made on December 31, 2007, in Company common stock and each of the other two indices, with all dividends reinvested. Titan's common stock is traded on the NYSE under the symbol TWI.



	Fiscal Year Ended December 31,					
	2007	2008	2009	2010	2011	2012
Titan International, Inc.	$ 100.00	$ 33.03	$ 32.56	$ 78.58	$ 78.34	$ 87.51
S&P 500 Index	100.00	63.00	79.67	91.68	93.61	108.59
S&P 600 Construction. & Farm Machinery & Heavy Trucks Index	100.00	63.00	68.31	98.48	93.01	130.72

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ITEM 6 – SELECTED FINANCIAL DATA

The selected financial data presented below, as of and for the years ended December 31, 2012, 2011, 2010, 2009, and 2008, are derived from the Company's consolidated financial statements, as audited by Grant Thornton LLP, an independent registered public accounting firm for the year ended December 31, 2012, and PricewaterhouseCoopers LLP, an independent registered public accounting firm for the years ended December 31, 2011, 2010, 2009, and 2008, and should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and notes thereto.

(All amounts in thousands, except per share data)

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Net sales	$ 1,820,678	$ 1,486,998	$ 881,591	$ 727,599	$ 1,036,700
Gross profit	294,139	232,108	104,090	55,965	139,714
Supply agreement termination income	(26,134)	—	—	—	—
Noncash goodwill impairment charge	—	—	—	11,702	—
Income (loss) from operations	174,708	132,173	30,945	(18,894)	73,321
Noncash Titan Europe Plc gain (charge)	26,700	—	—	—	(37,698)
Income (loss) before income taxes	180,573	95,895	(9,190)	(32,002)	23,010
Net income (loss)	93,960	58,136	(5,926)	(24,645)	13,337
Net income (loss) per share – basic *	2.20	1.40	(.17)	(.71)	.39
Net income (loss) per share – diluted *	1.83	1.18	(.17)	(.71)	.38
Dividends declared per common share *	0.02	0.02	0.02	0.02	0.018

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

(All amounts in thousands)

	As of December 31,				
	2012	2011	2010	2009	2008
Working capital	$ 517,294	$ 388,827	$ 388,997	$ 375,144	$ 232,564
Current assets	978,995	564,593	481,350	445,216	369,199
Total assets	1,693,107	1,010,286	780,880	736,463	654,782
Long-term debt (a)	441,438	317,881	373,564	366,300	200,000
Stockholders' equity	620,613	396,879	272,031	261,953	279,188

(a) Excludes amounts due within one year and classified as a current liability.

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ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations (MD&A) is designed to provide a reader of these financial statements with a narrative from the perspective of the management of Titan International, Inc. (Titan or the Company) on Titan's financial condition, results of operations, liquidity and other factors which may affect the Company's future results.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements, including statements regarding, among other items:

- Anticipated trends in the Company's business
- Future expenditures for capital projects
- The Company's ability to continue to control costs and maintain quality
- Ability to meet financial covenants and conditions of loan agreements
- The Company's business strategies, including its intention to introduce new products
- Expectations concerning the performance and success of the Company's existing and new products
- The Company's intention to consider and pursue acquisition and divestiture opportunities

Readers of this Form 10-K should understand that these forward-looking statements are based on the Company's expectations and are subject to a number of risks and uncertainties, including those in Item 1A, Part I of this report, "Risk Factors," certain of which are beyond the Company's control.

Actual results could differ materially from these forward-looking statements as a result of certain factors, including:

- The effect of a recession on the Company and its customers and suppliers
- Changes in the Company's end-user markets as a result of world economic or regulatory influences
- Changes in the marketplace, including new products and pricing changes by the Company's competitors
- Ability to maintain satisfactory labor relations
- Unfavorable outcomes of legal proceedings
- Availability and price of raw materials
- Levels of operating efficiencies
- Unfavorable product liability and warranty claims
- Actions of domestic and foreign governments
- Results of investments
- Fluctuations in currency translations
- Climate change and related laws and regulations
- Risks associated with environmental laws and regulations

Any changes in such factors could lead to significantly different results. The Company cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to transpire. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on the Company's ability to achieve the results as indicated in forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this document will in fact transpire.

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OVERVIEW
Titan International, Inc. and its subsidiaries are leading manufacturers of wheels, tires, wheel and tire assemblies, and undercarriage systems and components for off-highway vehicles used in the agricultural, earthmoving/construction and consumer markets. Titan manufactures both wheels and tires for the majority of these market applications, allowing the Company to provide the value-added service of delivering complete wheel and tire assemblies. The Company offers a broad range of products that are manufactured in relatively short production runs to meet the specifications of original equipment manufacturers (OEMs) and/or the requirements of aftermarket customers.

The Company's major OEM customers include large manufacturers of off-highway equipment such as AGCO Corporation, CNH Global N.V., Deere & Company, Hitachi Construction Machinery, Kubota Corporation and Liebherr Group, in addition to many other off-highway equipment manufacturers. The Company distributes products to OEMs, independent and OEM-affiliated dealers, and through a network of distribution facilities.

The following table provides highlights for the year ended December 31, 2012, compared to 2011 (amounts in thousands):

	2012	2011
Net sales	$ 1,820,678	$ 1,486,998
Income from operations	174,708	132,173
Net income	93,960	58,136

The Company recorded sales of $1,820.7 million for 2012, which were approximately 22% higher than the 2011 sales of $1,487.0 million. The higher sales levels were primarily the result of increased demand in the Company's agricultural and earthmoving/construction segments combined with price/mix improvements, as well as recent acquisitions including the April 2011 acquisition of the Goodyear Latin American farm tire business, the August 2012 acquisition of the Planet Group of companies based in Perth, Australia, and the October 2012 acquisition of Titan Europe.

The Company's income from operations was $174.7 million for 2012 compared to $132.2 million for 2011. Titan's net income was $94.0 million for 2012 compared to net income of $58.1 million in 2011. Diluted income per share was $1.83 in 2012, compared to $1.18 in 2011. The operating gains were primarily related to productivity gains on the higher sales volumes and select price increases on certain products that exceeded the increase in raw material costs, as well as sales mix changes to larger products that generally carry higher margins.

PURCHASE OF TITAN EUROPE PLC
On October 31, 2012, Titan acquired over 97% of the outstanding stock of Titan Europe Plc (Titan Europe) and in December 2012, the remaining 3% interest was acquired. Titan Europe is an international engineering group which designs and manufactures wheels, undercarriage components and assemblies for tracked and wheeled "off-road vehicles." Prior to the acquisition, Titan held a 21.8% ownership percentage in Titan Europe. Titan Europe shareholders received one share of new Titan common stock for every 11 Titan Europe shares held. A total of 6,257,051 new shares of Titan were issued with a value of $121.8 million. In addition, Titan paid cash of $5.6 million for option payouts and partial shares. Titan's previous investment in Titan Europe had a fair value on the acquisition date of $31.7 million. Total consideration including the value of stock issued, cash payments, and the fair value of previously held Titan Europe shares totaled $159.1 million. A gain of $26.7 million was recorded on Titan's previously held interest in Titan Europe which was recorded as Noncash Titan Europe Plc gain in the consolidated statement of operations.

PURCHASE OF GOODYEAR'S LATIN AMERICAN FARM TIRE BUSINESS
On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business for approximately $98.6 million U.S. dollars. The transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment; inventories; a licensing agreement that allows Titan to sell Goodyear-brand farm tires in Latin America until 2018; and extends the North American licensing agreement until 2018.

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SUPPLY AGREEMENT TERMINATION INCOME

The Company's April 2011 acquisition of Goodyear's farm tire business included a three year supply agreement with Goodyear for certain non-farm tire products. A liability was recorded as the supply agreement was for sales at below market prices. In May 2012, the Company and Goodyear terminated this supply agreement and entered into an agreement under which Titan will sell these products directly to third party customers and pay a royalty to Goodyear. The remaining balance of the supply agreement liability of $26.1 million was recorded as income as the Company is no longer obligated to sell the products at below market prices.

SUBSEQUENT EVENTS

Exchange Agreement for 5.625% Convertible Senior Subordinated Notes due 2017

In January 2013, Titan was approached by a note holder of the Company's 5.625% convertible senior subordinated notes due 2017 (convertible notes), with an offer to exchange the note holder's convertible notes for the Company's common stock. The two parties privately negotiated an agreement to exchange approximately $52.7 million in aggregate principal amount of the convertible notes for approximately 4.9 million shares of the Company's common stock plus a cash payment totaling $14.2 million for the premium on the principal and unpaid interest to maturity. The Company will record a conversion charge of approximately $7.3 million on this transaction in the first quarter of 2013.

RESULTS OF OPERATIONS

The following table sets forth the Company's statement of operations expressed as a percentage of net sales for the periods indicated. This table and subsequent discussions should be read in conjunction with the Company's audited consolidated financial statements and notes thereto.

	As a Percentage of Net Sales Year ended December 31,		
	2012	**2011**	**2010**
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	83.8	84.4	88.2
Gross profit	16.2	15.6	11.8
Selling, general and administrative expenses	6.9	5.8	6.5
Research and development	0.4	0.3	0.7
Royalty expense	0.7	0.7	1.1
Supply agreement termination income	(1.4)	—	—
Income from operations	9.6	8.8	3.5
Interest expense	(1.5)	(1.7)	(3.0)
Noncash convertible debt conversion charge	—	(1.1)	—
Loss on note repurchase	—	—	(1.7)
Noncash Titan Europe Plc gain	1.5	—	—
Other income, net	0.4	0.3	0.1
Income (loss) before income taxes	10.0	6.3	(1.1)
Income tax provision (benefit)	4.8	2.5	(0.4)
Net income (loss)	5.2 %	3.8 %	(0.7)%

In addition, the following table sets forth components of the Company's net sales classified by segment for the years ended December 31, (amounts in thousands):

	2012	**2011**	**2010**
Agricultural	$ 1,080,412	$ 960,693	$ 675,178
Earthmoving/Construction	501,617	306,821	191,042
Consumer	238,649	219,484	15,371
Total	$ 1,820,678	$ 1,486,998	$ 881,591

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CRITICAL ACCOUNTING ESTIMATES

Preparation of the financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. The Company's application of these policies involves assumptions that require difficult subjective judgments regarding many factors, which, in and of themselves, could materially impact the financial statements and disclosures. A future change in the estimates, assumptions or judgments applied in determining the following matters, among others, could have a material impact on future financial statements and disclosures.

Asset and Business Acquisitions

The allocation of purchase price for asset and business acquisitions requires management estimates and judgment as to expectations for future cash flows of the acquired assets and business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair value for purchase price allocations. If the actual results differ from the estimates and judgments used in determining the purchase price allocations, impairment losses could occur. To aid in establishing the value of any intangible assets at the time of acquisition, the Company typically engages a professional appraisal firm.

Impairment of Goodwill

The Company reviews goodwill to assess recoverability from future operations during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable. The carrying value of the Company's goodwill was $24.9 million at December 31, 2012 and $19.8 at December 31, 2011. The Company sometimes elects to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. Significant assumptions relating to future operations must be made when estimating future cash flows in analyzing goodwill for impairment.

When the two-step goodwill impairment test is performed, the Company evaluates the recoverability of goodwill by estimating the future discounted cash flows of the reporting unit to which the goodwill relates and using an earnings before interest, taxes, depreciation, and amortization (EBITDA) multiple approach. In determining the estimated future cash flows, the Company considers current and projected future levels of income as well as business trends and economic conditions. When the Company's estimated fair value of the reporting unit is less than the carrying value, a second step of the impairment analysis is performed. In this second step, the implied fair value of goodwill is calculated as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

Inventories

Inventories are valued at the lower of cost or market. At December 31, 2012, approximately 16% of the Company's inventories were valued under the last-in, first out (LIFO) method. The majority of steel material inventory and related work-in-process and finished goods are accounted for under the LIFO method. The remaining inventories were valued under the first-in, first out (FIFO) method or average cost method. Market value is estimated based on current selling prices. Estimated provisions are established for slow-moving and obsolete inventory.

Income Taxes

Deferred income tax provisions are determined using the liability method whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax basis of assets and liabilities. The Company assesses the realizability of its deferred tax asset positions and recognizes and measures uncertain tax positions in accordance with ASC 740 Income Taxes.

Retirement Benefit Obligations

Pension benefit obligations are based on various assumptions used by third-party actuaries in calculating these amounts. These assumptions include discount rates, expected return on plan assets, mortality rates and other factors. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and obligations. The Company has three frozen defined benefit pension plans in the United States and pension plans in six foreign countries. Titan expects to contribute approximately $5 million to these frozen defined pension plans in 2013. For more information concerning these costs and obligations, see the discussion of the "Pensions" and Note 25 to the Company's financial statements.

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The effect of hypothetical changes to selected assumptions on the Company's frozen pension benefit obligations would be as follows (amounts in thousands):

		December 31, 2012		2013
Assumptions	Percentage Change	Increase (Decrease) PBO (a)	Increase (Decrease) Equity	Increase (Decrease) Expense
Pension				
Discount rate	+/-5	$(6,788)/$7,534	$6,788/$(7,534)	$(407)/$445
Expected return on assets	+/-5			$(369)/$369

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

Product Warranties

The Company provides limited warranties on workmanship on its products in all market segments. The majority of the Company's products have a limited warranty that ranges from zero to ten years, with certain products being prorated after the first year. The Company calculates a provision for warranty expense based on past warranty experience. Actual warranty experience may differ from historical experience. The Company's warranty accrual was $27.5 million at December 31, 2012, and $17.7 million at December 31, 2011.

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FISCAL YEAR ENDED DECEMBER 31, 2012, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2011

RESULTS OF OPERATIONS

Highlights for the year ended December 31, 2012, compared to 2011 (amounts in thousands):

	2012	2011	% Increase
Net sales	$ 1,820,678	$ 1,486,998	22%
Cost of sales	1,526,539	1,254,890	22%
Gross profit	294,139	232,108	27%
Gross profit percentage	*16.2%*	*15.6%*	

Net Sales

Net sales for the year ended December 31, 2012, were $1,820.7 million compared to $1,487.0 million for the year ended December 31, 2011, an increase of 22%. Sales increased approximately 15% from the inclusion of recently acquired entities. Sales volume was approximately 3% higher as the result of strong market conditions in the Company's agricultural and earthmoving/construction segments. Sales increased approximately 7% from price/mix improvements which resulted largely from increased raw material prices that were passed on to customers. The increase in net sales was partially offset by unfavorable foreign currency translation which decreased sales by approximately 3%.

Cost of Sales and Gross Profit

Cost of sales was $1,526.5 million for the year ended December 31, 2012, as compared to $1,254.9 million in 2011. The higher cost of sales resulted primarily from the increase in sales levels. The cost of sales increased 22%, compared to a 22% increase in net sales.

Gross profit for the year 2012 was $294.1 million, or 16.2% of net sales, compared to $232.1 million, or 15.6% of net sales for 2011. The increase in gross profit margin was primarily due to productivity gains on the higher sales volumes and select price increases on certain products that exceeded the increase in raw material costs, as well as sales mix changes to larger products that generally carry higher margins.

Selling, General and Administrative Expenses

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

	2012	2011	% Increase
Selling, general and administrative	$ 126,157	$ 85,917	47%
Percentage of net sales	*6.9%*	*5.8%*	

Selling, general and administrative (SG&A) expenses were $126.2 million, or 6.9% of net sales, for the year ended December 31, 2012, as compared to $85.9 million, or 5.8% of net sales, for 2011. The higher SG&A expenses were primarily the result of an increase of selling and marketing expenses related to the increased sales levels and increased information technology expenses, an increase in incentive compensation, and acquisition related costs. Selling and marketing expenses were approximately $9 million higher, primarily due to increased sales levels and increased information technology expenses. Incentive compensation increased approximately $10 million. Acquisition related costs were approximately $4 million in 2012. Approximately $20 million of SG&A expenses of recently acquired facilities also contributed to the increase. The increase in SG&A expenses were offset by a decrease of legal related costs and fees of $3 million.

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Research and Development Expenses

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

	2012	2011	% Increase
Research and development	$ 7,148	$ 4,228	69%
Percentage of net sales	*0.4%*	*0.3%*	

Research and development (R&D) expenses were $7.1 million, or 0.4% of net sales, for the year ended December 31, 2012, as compared to $4.2 million, or 0.3% of net sales, for 2011. The Company's higher R&D costs primarily resulted from increased R&D related to agricultural products. Approximately $1 million of R&D expenses of recently acquired facilities also contributed to the increase.

Royalty Expense

Royalty expense was as follows (amounts in thousands):

	2012	2011	% Increase
Royalty expense	$ 12,260	$ 9,790	25%

The Company has a trademark license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America and Latin America under the Goodyear name. The North American and Latin American royalties were prepaid through March 2018 as a part of the 2011 Goodyear Latin American farm tire acquisition. In May 2012, the Company and Goodyear entered into an agreement under which Titan will sell certain non-farm tire products directly to third party customers and pay a royalty to Goodyear. Royalty expenses were $12.3 million for the year ended December 31, 2012, as compared to $9.8 million in 2011. As sales subject to the license agreement increased in 2012, the Company's royalty expense increased accordingly.

Supply Agreement Termination Income

Supply agreement termination income was as follows (amounts in thousands):

	2012	2011	% Increase
Supply agreement termination income	$ 26,134	$ —	n/a

The Company's April 2011 acquisition of Goodyear's farm tire business included a three year supply agreement with Goodyear for certain non-farm tire products. A liability was recorded as the supply agreement was for sales at below market prices. In May 2012, the Company and Goodyear terminated this supply agreement and entered into an agreement under which Titan will sell these products directly to third party customers and pay a royalty to Goodyear. The remaining balance of the supply agreement liability was recorded as income as the Company is no longer obligated to sell the products at below market prices.

Income from Operations

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

	2012	2011	% Increase
Income from operations	$ 174,708	$ 132,173	32%
Percentage of net sales	*9.6%*	*8.8%*	

Income from operations for the year ended December 31, 2012, was $174.7 million, or 9.6% of net sales, compared to $132.2 million, or 8.8% of net sales, in 2011. This increase was the net result of the items previously discussed above.

Interest Expense

Interest expense was as follows (amounts in thousands):

	2012	2011	% Increase
Interest expense	$ 27,658	$ 25,259	9%

Interest expense for the year 2012 was $27.7 million compared to $25.3 million in 2011. The Company’s interest expense for 2012 increased from the previous year primarily as a result of interest expense at the recently acquired Titan Europe Plc.

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Noncash Convertible Debt Conversion Charge

Noncash convertible debt conversion charge was as follows (amounts in thousands):

	2012	2011	% Decrease
Noncash convertible debt conversion charge	$ —	$ 16,135	(100)%

In the first quarter of 2011, the Company closed an exchange agreement converting approximately $59.6 million of the 5.625% convertible senior subordinated notes into approximately 6.6 million shares of the Company's common stock. In connection with the exchange, the Company recognized a noncash charge of $16.1 million in accordance with ASC 470-20 Debt - Debt with Conversion and Other Options.

Noncash Titan Europe Plc Gain

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

	2012	2011	% Increase
Noncash Titan Europe Plc gain	$ 26,700	$ —	n/a

In the fourth quarter of 2012, the Company acquired Titan Europe Plc. Prior to the acquisition, Titan held a 21.8% ownership percentage in Titan Europe, which had a fair value on the acquisition date of $31.7 million. As a result of recording the fair value of the investment on the acquisition date, a gain of $26.7 million was recorded on Titan's previously held interest in Titan Europe.

Other Income

Other income was as follows (amounts in thousands):

	2012	2011	% Increase
Other income	$ 6,823	$ 5,116	33%

Other income was $6.8 million for the year ended December 31, 2012, as compared to $5.1 million in 2011. The major items included in 2012 were: (i) discount amortization on prepaid royalty of $3.7 million; (ii) investment gain related to contractual obligation of $1.0 million; (iii) interest income of $0.9 million: and (iv) rental income of $0.7 million.

The major items included in 2011 were: (i) discount amortization on prepaid royalty of $3.1 million; (ii) investment gain on marketable securities of $1.6 million; and (iii) gain on purchase transaction of $0.3 million.

Provision for Income Taxes

Provision for income taxes was as follows (amounts in thousands):

	2012	2011	% Increase
Provision for income taxes	$ 86,613	$ 37,759	129%

The Company recorded provision for income taxes of $86.6 million in 2012, as compared to $37.8 million in 2011. The Company's effective tax rate was 48% in 2012 and 39% in 2011. The Company's 2012 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal rate to pre-tax income primarily as a result of incremental foreign taxes, state income tax, unrecognized tax benefits, the Domestic Production exemption and the write off of the deferred tax asset related to the Titan Europe investment. The Company's 2011 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the $16.1 million noncash charge taken in connection with the exchange agreement on the Company's convertible debt. This noncash charge is not fully deductible for income tax purposes.

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Net Income

Net income was as follows (amounts in thousands):

	2012	2011	% Increase
Net income	$ 93,960	$ 58,136	62%

Net income for the year ended December 31, 2012, was $94.0 million, compared to $58.1 million in 2011. Basic earnings per share was $2.20 for the year ended December 31, 2012 as compared to $1.40 in 2011. Diluted earnings per share was $1.83 for the year ended December 31, 2012 as compared to $1.18 in 2011. The Company's net income and earnings per share were higher due to the items previously discussed.

Agricultural Segment Results

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

	2012	2011	% Increase
Net sales	$ 1,080,412	$ 960,693	12%
Gross profit	206,376	177,055	17%
Income from operations	178,587	158,295	13%

Net sales in the agricultural market were $1,080.4 million for the year ended December 31, 2012, as compared to $960.7 million in 2011, an increase of 12%. Sales increased approximately 5% from the inclusion of recently acquired entities. Sales volume was approximately 5% higher as the result of increased demand in the Company's agricultural segment. Sales increased approximately 4% due to price/mix improvements which were offset by unfavorable currency translation which decreased sales by approximately 2%.

Gross profit in the agricultural market was $206.4 million for the year 2012, as compared to $177.1 million in 2011. Income from operations in the agricultural market was $178.6 million for the year 2012, as compared to $158.3 million in 2011. The Company's gross profit and income from operations increased primarily due to productivity gains on the higher sales volumes.

Earthmoving/Construction Segment Results

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

	2012	2011	% Increase
Net sales	$ 501,617	$ 306,821	63%
Gross profit	74,348	39,328	89%
Income from operations	47,310	32,781	44%

The Company's earthmoving/construction market net sales were $501.6 million for the year ended December 31, 2012, as compared to $306.8 million in 2011, an increase of 63%. Sales increased approximately 36% from the inclusion of recently acquired entities. Sales increased by approximately 26% as the result of price/mix improvements from stronger demand for larger products used in the mining industry. Sales volumes increased approximately 1% as a result of increased market demand.

Gross profit in the earthmoving/construction market was $74.3 million for the year 2012, as compared to gross profit of $39.3 million in 2011. The Company's earthmoving/construction market income from operations was $47.3 million for the year 2012, as compared to $32.8 million in 2011. The Company's gross profit and income from operations increased primarily due to productivity gains on the higher sales volumes and select price increases on certain products that exceeded the increase in raw material costs, as well as sales mix changes to larger products that generally carry higher margins.

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Consumer Segment Results

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

	2012	2011	% Increase (Decrease)
Net sales	$ 238,649	$ 219,484	9 %
Gross profit	16,366	18,900	(13)%
Income from operations	32,243	11,104	190 %

Consumer market net sales were $238.6 million for the year ended December 31, 2012, as compared to $219.5 million in 2011, an increase of 9%. The increase in net sales was primarily the result of consumer product sales in Latin America. These sales were previously made under a supply agreement with Goodyear and are now being sold to the end customer after the May 2012 termination of the supply agreement with Goodyear. The twelve months ended December 31, 2012, included twelve months in sales for these products while the twelve months ended December 31, 2011, included only nine months due to the April 1, 2011 acquisition date.

Gross profit from the consumer market was $16.4 million in 2012 as compared to $18.9 million in 2011. Consumer market income from operations was $32.2 million for the year 2012, as compared to $11.1 million in 2011. The Company's increase in income from operations primarily resulted from the supply agreement termination income of $26.1 million.

Segment Summary

(Amounts in thousands)

2012	Agricultural	Earthmoving/ Construction	Consumer	Corporate Expenses	Consolidated Totals
Net sales	$ 1,080,412	$ 501,617	$ 238,649	$ —	$ 1,820,678
Gross profit (loss)	206,376	74,348	16,366	(2,951)	294,139
Income (loss) from operations	178,587	47,310	32,243	(83,432)	174,708
2011					
Net sales	$ 960,693	306,821	$ 219,484	$ —	$ 1,486,998
Gross profit (loss)	177,055	39,328	18,900	(3,175)	232,108
Income (loss) from operations	158,295	32,781	11,104	(70,007)	132,173

Corporate Expenses

Income from operations on a segment basis does not include corporate expenses or depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling $83.4 million for the year ended December 31, 2012, as compared to $70.0 million in 2011.

Corporate expenses for the year ended December 31, 2012, were composed of selling and marketing expenses of approximately $31 million and administrative expenses of approximately $52 million.

Corporate expenses for the year ended December 31, 2011, were composed of selling and marketing expenses of approximately $28 million and administrative expenses of approximately $42 million.

Corporate selling & marketing expenses were approximately $4 million higher in 2012 primarily due to increased information technology expenses. Corporate administrative expenses were approximately $10 million higher in 2012, when compared to 2011. Corporate administrative expenses were higher primarily due to an increase in incentive compensation of approximately $10 million and approximately $4 million of acquisition related costs, offset by a decrease of legal related costs and fees of $3 million.

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FISCAL YEAR ENDED DECEMBER 31, 2011, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2010

RESULTS OF OPERATIONS

Highlights for the year ended December 31, 2011, compared to 2010 (amounts in thousands):

	2011	2010	% Increase
Net sales	$ 1,486,998	$ 881,591	69%
Cost of sales	1,254,890	777,501	61%
Gross profit	232,108	104,090	123%
Gross profit percentage	*15.6%*	*11.8%*	

Net Sales

Net sales for the year ended December 31, 2011, were $1,487.0 million compared to $881.6 million for the year ended December 31, 2010. The higher sales levels were primarily the result of increased demand and pricing/mix improvements which resulted largely from increased raw material prices that were passed on to customers. In addition, sales increased as the result of the April acquisition of the Goodyear Latin American farm tire business including the Sao Paulo, Brazil manufacturing facility which recorded sales of $276.5 million for the year ended December 31, 2011.

Cost of Sales and Gross Profit

Cost of sales was $1,254.9 million for the year ended December 31, 2011, as compared to $777.5 million in 2010. The higher cost of sales resulted from the significant increase in the sales levels and increased raw material prices. The cost of sales increased 61%, compared to a 69% increase in net sales.

Gross profit for the year 2011 was $232.1 million, or 15.6% of net sales, compared to $104.1 million, or 11.8% of net sales for 2010. The Sao Paulo, Brazil manufacturing facility provided gross profit of $21.7 million for the year ended December 31, 2011. The remaining increase in the Company's gross profit was primarily related to increased sales levels as well as gains from improved plant utilization resulting from the higher sales levels.

Selling, General and Administrative Expenses

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

	2011	2010	% Increase
Selling, general and administrative	$ 85,917	$ 57,565	49%
Percentage of net sales	*5.8%*	*6.5%*	

Selling, general and administrative (SG&A) expenses were $85.9 million, or 5.8% of net sales, for the year ended December 31, 2011, as compared to $57.6 million, or 6.5% of net sales, for 2010. The higher SG&A expenses were primarily the result of higher selling and marketing expenses related to the increased sales levels, higher legal fees, an increase in incentive compensation, travel, and a write off of a receivable related to an equipment sale. Selling and marketing expenses were approximately $7 million higher, primarily due to increased sales levels. Legal related cost and fees were approximately $3 million higher. Incentive compensation, travel, and a write-off of receivables from equipment sales each increased approximately $2 million. Approximately $11 million of SG&A expenses of recently acquired facilities also contributed to the increase.

Research and Development Expenses

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

	2011	2010	% Decrease
Research and development	$ 4,228	$ 6,317	(33)%
Percentage of net sales	*0.3%*	*0.7%*	

Research and development (R&D) expenses were $4.2 million, or 0.3% of net sales, for the year ended December 31, 2011, as compared to $6.3 million, or 0.7% of net sales, for 2010. The Company R&D costs related to the Giant OTR products were less in 2011 than 2010.

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Royalty Expense
Royalty expense was as follows (amounts in thousands):

	2011	2010	% Increase
Royalty expense	$ 9,790	$ 9,263	6%

The Company has a trademark license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America and Latin America under the Goodyear name. Royalty expenses were $9.8 million for the year ended December 31, 2011, as compared to $9.3 million in 2010. The North American and Latin American royalties were prepaid through March 2018 as a part of the Goodyear Latin American farm tire acquisition.

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

	2011	2010	% Increase
Income from operations	$ 132,173	$ 30,945	327%
Percentage of net sales	*8.8%*	*3.5%*	

Income from operations for the year ended December 31, 2011, was $132.2 million, or 8.8% of net sales, compared to $30.9 million, or 3.5% of net sales, in 2010. This increase was the net result of the items previously discussed above.

Interest Expense
Interest expense was as follows (amounts in thousands):

	2011	2010	% Decrease
Interest expense	$ 25,259	$ 26,667	(5)%

Interest expense for the year 2011 was $25.3 million compared to $26.7 million in 2010. The Company's interest expense for 2011 decreased from the previous year primarily as a result of the repurchase of 8% senior unsecured notes in 2010 and the exchange agreement for 5.625% convertible senior subordinated notes in the first quarter of 2011, offset by the interest recorded for the 7.875% senior secured notes issued in the fourth quarter of 2010. Interest expense from Titan Brazil also offset the decreased interest expense for 2011.

Noncash Convertible Debt Conversion Charge
Noncash convertible debt conversion charge was as follows (amounts in thousands):

	2011	2010	% Increase
Noncash convertible debt conversion charge	$ 16,135	$ —	n/a

In the first quarter of 2011, the Company closed an exchange agreement converting approximately $59.6 million of the 5.625% convertible senior subordinated notes into approximately 6.6 million shares of the Company's common stock. In connection with the exchange, the Company recognized a noncash charge of $16.1 million in accordance with ASC 470-20 Debt - Debt with Conversion and Other Options.

Loss on Senior Note Repurchase
Loss on senior note repurchase was as follows (amounts in thousands):

	2011	2010	% Decrease
Loss on senior note repurchase	$ —	$ 14,573	(100)%

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

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Other Income

Other income was as follows (amounts in thousands):

	2011	2010	% Increase
Other income	$ 5,116	$ 1,105	363%

Other income was $5.1 million for the year ended December 31, 2011, as compared to $1.1 million in 2010. The major items included in 2011 were: (i) discount amortization on prepaid royalty of $3.1 million; (ii) investment gain on marketable securities of $1.6 million; and (iii) gain on purchase transaction of $0.3 million.

The major items included in 2010 were: (i) investment gain on contractual obligations of $0.8 million; (ii) interest income of $0.4 million; and (iii) other expense of $(0.1) million.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes was as follows (amounts in thousands):

	2011	2010	% Increase
Provision (benefit) for income taxes	$ 37,759	$ (3,264)	n/a

The Company recorded provision for income taxes of $37.8 million in 2011 and benefit from income taxes of $(3.3) million in 2010. The Company's effective tax rate was 39% in 2011 and 36% in 2010. The Company's 2011 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the $16.1 million noncash charge taken in connection with the exchange agreement on the Company's convertible debt. This noncash charge is not fully deductible for income tax purposes. The Company's 2010 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to the pre-tax income primarily as the result of state taxes.

Net Income (Loss)

Net income (loss) was as follows (amounts in thousands):

	2011	2010	% Increase
Net income (loss)	$ 58,136	$ (5,926)	n/a

Net income for the year ended December 31, 2011, was $58.1 million, compared to net loss of $(5.9) million in 2010. Basic earnings per share was $1.40 for the year ended December 31, 2011 as compared to loss per share of $(.17) in 2010. Diluted earnings per share was $1.18 for the year ended December 31, 2011 as compared to loss per share of $(.17) in 2010. The Company's net income and earnings per share were higher due to the items previously discussed.

Agricultural Segment Results

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

	2011	2010	% Increase
Net sales	$ 960,693	$ 675,178	42%
Gross profit	177,055	108,102	64%
Income from operations	158,295	91,953	72%

Net sales in the agricultural market were $960.7 million for the year ended December 31, 2011, as compared to $675.2 million in 2010. The increase in net sales was the result of increasing demand and pricing/mix improvements which were primarily the result of increased raw material prices that were passed to customers, and manufacturing capacity resulting from the acquisition of the Goodyear Latin American farm tire business including the Sao Paulo, Brazil manufacturing facility. Agricultural market sales from this facility were $89.7 million for the year ended December 31, 2011.

Gross profit in the agricultural market was $177.1 million for the year 2011, as compared to $108.1 million in 2010. Income from operations in the agricultural market was $158.3 million for the year 2011, as compared to $92.0 million in 2010. The Company's gross profit and income from operations benefited from improved plant utilization resulting from the higher sales levels.

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Earthmoving/Construction Segment Results

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

	2011	2010	% Increase
Net sales	$ 306,821	$ 191,042	61%
Gross profit (loss)	39,328	(3,400)	n/a
Income (loss) from operations	32,781	(11,296)	n/a

The Company's earthmoving/construction market net sales were $306.8 million for the year ended December 31, 2011, as compared to $191.0 million in 2010. The increase in net sales was the result of increasing demand and pricing/mix improvements which were primarily the result of increased raw material prices that were passed to customers and price increases resulting from additional demand. The Company continues to see increasing demand in the earthmoving/construction segment.

Gross profit in the earthmoving/construction market was $39.3 million for the year 2011, as compared to gross loss of $(3.4) million in 2010. The Company's earthmoving/construction market income from operations was $32.8 million for the year 2011, as compared to a loss of $(11.3) million in 2010. The Company's gross profit and income from operations benefited from improved plant utilization resulting from the higher sales levels.

Consumer Segment Results

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

	2011	2010	% Increase
Net sales	$ 219,484	$ 15,371	1,328%
Gross profit	18,900	2,867	559%
Income from operations	11,104	2,542	337%

Consumer market net sales were $219.5 million for the year ended December 31, 2011, as compared to $15.4 million in 2010. The increase in net sales was primarily the result of the Goodyear Latin American farm tire acquisition agreement, which included supply agreements for certain product sales, which are included in the consumer segment. Sales under these agreements were $186.8 million for the year ended December 31, 2011.

Gross profit from the consumer market was $18.9 million in 2011 as compared to $2.9 million in 2010. Consumer market income from operations was $11.1 million for the year 2011, as compared to $2.5 million in 2010. The Company's increase in gross profit and income from operations primarily resulted from the supply agreements.

Segment Summary

(Amounts in thousands)

2011	Agricultural	Earthmoving/ Construction	Consumer	Corporate Expenses	Consolidated Totals
Net sales	$ 960,693	$ 306,821	$ 219,484	$ —	$ 1,486,998
Gross profit (loss)	177,055	39,328	18,900	(3,175)	232,108
Income (loss) from operations	158,295	32,781	11,104	(70,007)	132,173
2010					
Net sales	$ 675,178	191,042	$ 15,371	$ —	$ 881,591
Gross profit (loss)	108,102	(3,400)	2,867	(3,479)	104,090
Income (loss) from operations	91,953	(11,296)	2,542	(52,254)	30,945

Corporate Expenses

Income from operations on a segment basis does not include corporate expenses or depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling $70.0 million for the year ended December 31, 2011, as compared to $52.3 million in 2010.

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Corporate expenses for the year ended December 31, 2011, were composed of selling and marketing expenses of approximately $28 million and administrative expenses of approximately $42 million.

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

Selling & marketing expenses were approximately $8 million higher in 2011 primarily as the result of higher sales levels. Corporate administrative expenses were approximately $10 million higher in 2011, when compared to 2010. Corporate administrative expenses were higher primarily as the result of (i) legal related cost and fees which were approximately $3 million higher, (ii) incentive compensation which was approximately $2 million higher, (iii) travel which was approximately $2 million higher, and (iv) write-off of a receivable from an equipment sale of approximately $2 million in 2011.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

As of December 31, 2012, the Company had $189.1 million of cash. The cash balance increased by $59.9 million from December 31, 2011, due to the following items.

(amounts in thousands)	Year ended December 31, 2012	Year ended December 31, 2011	Change
Cash	$ 189,114	$ 129,170	$ 59,944

Operating Cash Flows

Summary of cash flows from operating activities:

(Amounts in thousands)	Year ended December 31, 2012	Year ended December 31, 2011	Change
Net income	$ 93,960	$ 58,136	$ 35,824
Depreciation and amortization	54,095	44,908	9,187
Noncash convertible debt conversion charge	—	16,135	(16,135)
Deferred income tax provision	17,170	(449)	17,619
Noncash Titan Europe Plc gain	(26,700)	—	(26,700)
Supply agreement termination income	(26,134)	—	(26,134)
Accounts receivable	35,839	(105,619)	141,458
Inventories	23,917	(55,607)	79,524
Accounts payable	(44,542)	44,991	(89,533)
Other current liabilities	7,839	9,192	(1,353)
Other operating activities	(5,276)	(7,261)	1,985
Cash provided by operating activities	$ 130,168	$ 4,426	$ 125,742

For the year ended December 31, 2012, operating activities provided cash of $130.2 million, which was $125.7 million more than the prior year, primarily due to the net income increase of $35.8 million and changes in operational working capital. The major source of funds was net income of $94.0 million, adjusted for noncash provision of depreciation and amortization of $54.1 million. Positive cash inflows were offset by the noncash Titan Europe Plc gain of $26.7 million, and noncash supply agreement termination income of $26.1 million. The changes in operational working capital decreased cash flows by $2.2 million in 2012 compared to a decrease of $109.3 million in 2011. The 2011 working capital decrease was primarily due to the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business that did not include accounts receivable, and an increase in inventory due to sales growth in the business and increased raw material costs. For additional details, see the Consolidated Statement of Cash Flows on page F-8.

In comparison, for the year ended December 31, 2011, operating activities provided cash of $4.4 million, which was $46.3 million less than the prior year, primarily due to changes in operational working capital. The major source of funds was net income of $58.1 million, adjusted for noncash provision of depreciation and amortization of $44.9 million, and the noncash convertible debt conversion charge of $16.1 million, all of which increased from the prior year. The changes in operational working capital decreased cash flows by $109.3 million in 2011 compared to an increase of $1.6 million in 2010, primarily due to the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business that did not include accounts receivable, and an increase in inventory due to sales growth in the business and increased raw material costs.

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

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The Company's inventory and accounts receivable balances were higher at December 31, 2012, as compared to December 31, 2011. Days sales in inventory increased to 86 days at December 31, 2012, compared to 55 days at December 31, 2011, due primarily to the Titan Europe acquisition in the fourth quarter of 2012. Days sales outstanding increased to 54 days at December 31, 2012, from 42 days at December 31, 2011 primarily due to increased sales of larger products used in the mining industry that often have extended terms based on longer shipping times.

Investing Cash Flows
Summary of cash flows from investing activities:

(Amounts in thousands)	Year ended December 31, 2012	2011	Change
Acquisitions	$ 780	$ (99,118)	$ 99,898
Purchases of marketable securities	—	(30,000)	30,000
Sales of marketable securities	—	31,586	(31,586)
Capital expenditures	(65,740)	(35,744)	(29,996)
Other investing activities	1,066	2,473	(1,407)
Cash used for investing activities	$ (63,894)	$ (130,803)	$ 66,909

Net cash used for investing activities was $63.9 million in 2012, as compared to $130.8 million in 2011 and $28.7 million in 2010. The Company invested a total of $65.7 million in capital expenditures in 2012, compared to $35.7 million in 2011 and $28.9 million in 2010. In 2012, approximately $14 million of the capital expenditures related to recently acquired facilities. In 2011, approximately $9 million of the capital expenditures related to the purchase of land, buildings, and certain equipment at Goodyear's Union City, TN closed tire plant. In 2010, approximately $7 million of the capital expenditures related to the purchase of Denman Tire molds and equipment. The remaining capital expenditures of approximately $52 million in 2012, approximately $27 million in 2011, and approximately $22 million in 2010, represent various equipment purchases and improvements to enhance production capabilities of Titan's existing business and maintaining existing equipment.

Cash used for investing decreased $66.9 million from the year ended December 31, 2011, to December 31, 2012. This decrease in cash use was primarily the result of issuing common shares to complete the Titan Europe acquisition. In 2011, acquisitions included Goodyear's Latin American farm tire business for approximately $98.6 million.

Financing Cash Flows
Summary of cash flows from financing activities:

(Amounts in thousands)	Year ended December 31, 2012	2011	Change
Proceeds from borrowings	$ 8,838	$ —	$ 8,838
Repurchase of senior unsecured notes	—	(1,064)	1,064
Term loan borrowing	8,333	25,879	(17,546)
Proceeds from exercise of stock options	934	524	410
Payment of financing fees	(1,275)	—	(1,275)
Payment on debt	(20,811)	(8,856)	(11,955)
Excess tax benefit from stock options exercised	184	706	(522)
Dividends paid	(845)	(809)	(36)
Cash provided by (used for) financing activities	$ (4,642)	$ 16,380	$ (21,022)

Net cash used for financing activities was $4.6 million in 2012. The cash was primarily used for payment on term loan borrowings of $20.8 million, partially offset by proceeds from borrowings of $8.8 million and term loan borrowings of $8.3 million.

Net cash provided by financing activities was $16.4 million in 2011. The cash was primarily provided by term loan borrowings of $25.9 million used to provide working capital to Titan's Latin American operations. This was partially offset by payment of debt of $8.9 million.

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

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Financing cash flows decreased by $21.0 million when comparing 2012 to 2011. Also, financing cash flows increased by $28.0 million when comparing 2011 to 2010. The changes from year to year are primarily the result of activity related to debt borrowings and payments.

Debt Covenants

The Company's European credit facilities contain various covenants. These covenants are tested on six month intervals and the Company would be noncompliant if the covenants were not met for two successive six month periods. The financial covenants in these agreements include:

- Net indebtedness to EBITDA cover.
- EBITDA Interest cover.
- Net debt to Net worth.
- Cashflow interest cover.

The Company did not meet certain financial covenants at December 31, 2012. The Company was in compliance with these covenants as of December 31, 2012, as this was the first period for not meeting covenants.

The Company's revolving credit facility ("credit facility") contains various restrictions, including:

- Limits on dividends and repurchases of the Company's stock.
- Restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company.
- Limitations on investments, dispositions of assets and guarantees of indebtedness.
- Other customary affirmative and negative covenants.

These covenants and restrictions could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions. The failure by Titan to meet these covenants could result in the Company ultimately being in default on these loan agreements.

Other Issues

The Company's business is subject to seasonal variations in sales that affect inventory levels and accounts receivable balances. Historically, Titan tends to have higher production levels in the first and second quarters.

LIQUIDITY OUTLOOK

At December 31, 2012, the Company had $189.1 million of cash and cash equivalents and no outstanding borrowings on the Company's $150 million credit facility. The cash and cash equivalents balance of $189.1 million includes $84.8 million held in foreign countries. The Company's current plans do not demonstrate a need to repatriate the foreign amounts to fund U.S. operations, with the exception of intercompany loans to foreign subsidiaries totaling $25.0 million at December 31, 2012. However, if foreign funds were needed for U.S. operations, the Company would be required to accrue and pay taxes to repatriate the funds. Titan expects to contribute approximately $5 million to its frozen defined benefit pension plans during 2013.

Capital expenditures for 2013 are forecasted to be approximately $70 million to $75 million. Cash payments for interest are currently forecasted to be approximately $33 million in 2013 based on the Company's year-end 2012 debt balances.

In the future, Titan may seek to grow by making acquisitions which will depend on the ability to identify suitable acquisition candidates, to negotiate acceptable terms for their acquisition and to finance those acquisitions.

Subject to the terms of indebtedness, the Company may finance future acquisitions with cash on hand, cash from operations, additional indebtedness and/or by issuing additional equity securities. Cash on hand, anticipated internal cash flows from operations and utilization of remaining available borrowings are expected to provide sufficient liquidity for working capital needs, capital expenditures and potential acquisitions.

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INFLATION
The Company is subject to the effect of price fluctuations. During 2012, 2011 and 2010, the Company realized price increases for certain purchases of steel and rubber used in the manufacture of its products. While the cost outlook for commodities used in the Company's production is not certain, management believes it can manage these inflationary pressures by introducing appropriate sales price adjustments and through contract provisions with OEMs. However, these price adjustments may lag the inflationary pressures.

CONTRACTUAL OBLIGATIONS
The Company's contractual obligations at December 31, 2012, consisted of the following (amounts in thousands):

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
7.875% senior secured notes due 2017	$ 200,000	$ —	$ —	$ 200,000	$ —
5.625% convertible senior subordinated notes due 2017	112,881	—	—	112,881	—
Other debt	271,248	144,358	95,048	30,122	1,720
Interest expense (a)	118,732	32,897	63,905	21,930	—
Operating leases	25,585	6,659	8,848	6,202	3,876
Capital leases	3,110	1,443	1,458	207	2
Purchase obligations	34,980	18,468	15,984	528	—
Other long-term liabilities (b)	60,900	9,500	19,700	19,700	12,000
Total	$ 827,436	$ 213,325	$ 204,943	$ 391,570	$ 17,598

(a) Interest expense is estimated based on the Company's year-end 2012 debt balances, maturities and interest rates. The estimates assume no credit facility borrowings. The Company's actual debt balances and interest rates may fluctuate in the future. Therefore, actual interest payments may vary from those payments detailed in the above table.

(b) Other long-term liabilities represent the Company's estimated funding requirements for defined benefit pension plans. The Company's liability for pensions is based on a number of assumptions, including discount rates, rates of return on investments, mortality rates and other factors. Certain of these assumptions are determined with the assistance of outside actuaries. Assumptions are based on past experience and anticipated future trends and are subject to a number of risks and uncertainties and may lead to significantly different pension liability funding requirements.

OFF-BALANCE SHEET ARRANGEMENTS
The Company has no material off-balance sheet arrangements.

MARKET RISK SENSITIVE INSTRUMENTS

Exchange Rate Sensitivity
The Company is exposed to fluctuations in the Australian dollar, Brazilian Real, British pound, Euro and other world currencies. Titan does not hedge foreign currency transaction or translation exposures. The Company's net investment in foreign entities translated into U.S. dollars was $290.3 million at December 31, 2012, and $111.4 million at December 31, 2011. The hypothetical potential loss in value of the Company's net investment in foreign entities resulting from a 10% adverse change in foreign currency exchange rates at December 31, 2012, would amount to approximately $29.0 million.

Commodity Price Sensitivity
The Company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge its exposures to commodity market price fluctuations. Therefore, the Company is exposed to price fluctuations of its key commodities, which consist primarily of steel, natural rubber, synthetic rubber and carbon black. The Company attempts to pass on certain material price increases and decreases to its customers, depending on market conditions.

Interest Rate Sensitivity

The Company has a $150 million credit facility that has a variable interest rate. If the credit facility were fully drawn, a change in the interest rate of 100 basis points, or 1%, would change the Company's interest expense by approximately $1.5 million. At December 31, 2012, there were no borrowings under the credit facility.

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MARKET CONDITIONS AND OUTLOOK
In 2012, Titan experienced higher sales when compared to 2011. The higher sales were primarily the result of increased demand and price increases in all of the Company's segments, as well as additional sales resulting from the acquisition of Goodyear's Latin American farm tire business and the acquisition of Titan Europe. For 2013, the Company expects overall sales to continue at similar levels.

Energy, raw material and petroleum-based product costs have been volatile and may negatively impact the Company’s margins. Many of Titan’s overhead expenses are fixed; therefore, lower seasonal trends may cause negative fluctuations in quarterly profit margins and affect the financial condition of the Company.

The labor agreements for the Company’s Bryan, Ohio and Freeport, Illinois, facilities, and the Des Moines, Iowa facility, expired in November 2010 and November 2012, respectively, for the employees covered by their respective collective bargaining agreements, which account for approximately 46% of the Company’s U.S. employees. As of December 31, 2012, the employees of these three facilities were working without a contract under the terms of the Company’s latest offer.

AGRICULTURAL MARKET OUTLOOK
Agricultural market sales were higher in 2012 when compared to 2011. The addition of Goodyear's Latin American farm tire business, the Titan Europe acquisition, and continued strong demand contributed to the higher sales levels. The increase in the global population and the rising middle class in emerging market countries may help grow future demand. The gradual increase in the use of biofuels may help sustain future production. Many variables, including weather, grain prices, export markets and future government policies and payments can greatly influence the overall health of the agricultural economy.

EARTHMOVING/CONSTRUCTION MARKET OUTLOOK
Earthmoving and mining sales continue to improve, aided by increases in metals, oil and gas prices. Although they may fluctuate in the short-term, in the long-term, these prices are expected to remain at levels that are attractive for continued investment, which should help support future earthmoving and mining sales. The earthmoving/construction segment is affected by many variables, including commodity prices, road construction, infrastructure, government appropriations, housing starts and the on-going banking and credit issues. For 2013, the Company expects strong demand to continue, offset by the potential for weaker demand in the European earthmoving/construction market.

CONSUMER MARKET OUTLOOK
Consumer market sales were higher in 2012, when compared to previous years. The increase in net sales was primarily the result of consumer product sales in Latin America. These sales were previously made under a supply agreement with Goodyear and are now being sold to the end customer after the May 2012 termination of the supply agreement with Goodyear. The twelve months ended December 31, 2012, included twelve months in sales for these products while the twelve months ended December 31, 2011, included only nine months due to the April 1, 2011 acquisition date. Consumer market sales may fluctuate from period to period.

PENSIONS
The Company has three frozen defined benefit pension plans covering certain employees or former employees of three U.S. subsidiaries. The Company also has pension plans covering certain employees of several foreign subsidiaries. These plans are described in Note 25 of the Company’s Notes to Consolidated Financial Statements.

The Company’s recorded liability for pensions is based on a number of assumptions, including discount rates, rates of return on investments, mortality rates and other factors. Certain of these assumptions are determined by the Company with the assistance of outside actuaries. Assumptions are based on past experience and anticipated future trends. These assumptions are reviewed on a regular basis and revised when appropriate. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and the carrying value of the related obligations. During the year ended December 31, 2012, the Company contributed cash funds of $6.8 million to the frozen defined benefit pension plans. Titan expects to contribute approximately $5 million to these frozen defined benefit pension plans during 2013.

Titan’s projected benefit obligation at December 31, 2012, was $139.1 million as compared to $112.0 million at December 31, 2011. The Company’s defined benefit pension plans were underfunded by $60.9 million at December 31, 2012. During 2012, the Company recorded net periodic pension expense of $5.8 million. Accumulated other comprehensive loss recorded for defined benefit pension plans, net of tax, was $35.7 million and $35.0 million at December 31, 2012 and 2011, respectively. Other comprehensive income (loss) is recorded as a direct charge to stockholders’ equity and does not affect net income. Titan will be required to record net periodic pension cost in the future; these costs may fluctuate based upon revised assumptions and could negatively affect the Company’s financial position, cash flows and results of operations.

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RECENTLY ISSUED ACCOUNTING STANDARDS

Comprehensive Income
In February 2013, the FASB issued ASU No. 2013-02, “Comprehensive Income (Topic 220) - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in the update require an entity to report the effect of significant respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference other disclosures. The amendments in this update are effective prospectively for reporting periods after December 15, 2012. The adoption of this update is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to Item 7, Part II of this report.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to Item 15, Part IV of this report, “Exhibits, Financial Statement Schedules.”

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
The Company’s principal executive officer and principal financial officer have concluded the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective as of the end of the period covered by this Form 10-K based on an evaluation of the effectiveness of disclosure controls and procedures.

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Management has performed an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, based on criteria described in the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded the Company maintained effective internal control over financial reporting as of December 31, 2012. Management's evaluation of internal control over financial reporting does not include internal control over financial reporting of Titan National (Australia) Holdings PTY LTD (TNAH), majority interest, acquired August 2, 2012, whose financial statements reflect total assets and revenues constituting 4.4 and 1.6 percent, respectively and Titan Europe Plc, a wholly-owned subsidiary, acquired October 31, 2012, whose financial statements reflect total assets and revenues constituting 37.8 and 5.5 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2012, has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

Changes in Internal Controls Over Financial Reporting

There were no material changes in internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fourth quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

None.

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PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors
The information required by this item regarding the Company’s directors is incorporated by reference to the Company’s 2013 Proxy Statement under the captions “Election of Directors,” “Directors Continuing in Office,” “Committees and Meetings of the Board of Directors” and “Corporate Governance.”

Executive Officers
The names, ages and positions of all executive officers of the Company are listed below, followed by a brief account of their business experience during the past five years. Officers are normally appointed annually by the Board of Directors at a meeting immediately following the Annual Meeting of Stockholders. There is no arrangement or understanding between any officer and any other person pursuant to which an officer was selected.

Maurice M. Taylor Jr., 68, has been Chief Executive Officer and a Director of the Company since 1990, when Titan was acquired in a management-led buyout by investors, including Mr. Taylor. Mr. Taylor served as President of the Company from 1990 to 2005 and was appointed Chairman in 2005.

Paul G. Reitz, 40, joined the Company in July 2010 as Chief Financial Officer. Before joining Titan, Mr. Reitz was chief accounting officer at Carmike Cinemas, Inc. Mr. Reitz previously served as Controller at Yellowbook USA Inc. from April 2002 to July 2008.

Michael G. Troyanovich, 55, joined the Company in August 2011 as Assistant General Counsel. Mr. Troyanovich was appointed Secretary in December 2012. Prior to joining Titan, Mr. Troyanovich was President of Kistner Troyanovich and Brady, P.C. from September 2001 until August 2011.

Section 16(a) beneficial ownership reporting compliance
The information required by this item regarding beneficial ownership reporting compliance is incorporated by reference to the Company’s 2013 Proxy Statement under the caption “Section 16(a) Beneficial Ownership Reporting Compliance.”

Business conduct policy
The Company adopted a business conduct policy, which is applicable to directors, officers and employees. The Company has also adopted corporate governance guidelines. The business conduct policy and corporate governance guidelines are available under the investor information category of the Company’s website, www.titan-intl.com. The Company intends to satisfy disclosure requirements regarding amendments to or waivers from its business conduct policy by posting such information on its website. A printed copy of the business conduct policy and corporate governance guidelines are available, without charge, by writing to: Titan International, Inc., c/o Corporate Secretary, 2701 Spruce Street, Quincy, IL 62301.

ITEM 11 – EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the Company’s 2013 Proxy Statement under the caption “Compensation of Executive Officers.”

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ITEM 12– SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except for the information concerning equity compensation plans, the information required by this item is incorporated by reference to the Company's 2013 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

The following table provides information about shares of Titan common stock that may be issued under Titan's equity compensation plans, as of December 31, 2012:

	(i) Number of securities to be issued upon exercise of outstanding options, warrants and rights		(ii) Weighted-average exercise price of outstanding options, warrants and rights	(iii) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (i))
Equity compensation plans approved by security holders	1,180,087	(a)	17.85	2,038,034
Equity compensation plans not approved by security holders	—		n/a	—
Total	1,180,087		17.85	2,038,034

(a) Amount includes outstanding stock options under the Company's 1994 Non-Employee Director Stock Option Plan and 2005 Equity Incentive Plan. For additional information regarding the Company's stock compensation plans, please see Note 26 of the Company's Notes to Consolidated Financial Statements.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the Company's 2013 Proxy Statement under the caption "Related Party Transactions" and "Corporate Governance" and also appears in Note 30 of the Company's Notes to Consolidated Financial Statements.

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the Company's 2013 Proxy Statement under the caption "Audit and Other Fees."

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PART IV

ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

2 Financial Statement Schedule

3 Exhibits

The accompanying Exhibit Index is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TITAN INTERNATIONAL, INC.
(Registrant)

Date: February 27, 2013

By: /s/ MAURICE M. TAYLOR JR.
Maurice M. Taylor Jr.
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 27, 2013.

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

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

Exhibit No.	DESCRIPTION
3.1 (a)	Amended Restated Articles of Incorporation of the Company
3.2 (b)	Bylaws of the Company
4.1 (c)	Indenture between the Company and U.S. Bank National Association dated December 21, 2009
4.2 (d)	Indenture between the Company and U.S. Bank National Association dated October 1, 2010
10.1 (e)	2005 Equity Incentive Plan as Amended
10.2 (f)	Maurice M. Taylor, Jr. Employment Agreement
10.3 (g)	Maurice M. Taylor, Jr. Employment Agreement Amendment
10.4 (h)	Paul G. Reitz Employment Agreement
10.5 (a)	Trademark License Agreement with The Goodyear Tire & Rubber Company **
10.6 (g)	Wheel Purchase Agreement with Deere & Company – November 2010 **
10.7 (i)	Supply Agreement with Deere & Company – August 2011 **
10.8 (i)	First Amendment to Supply Agreement with Deere & Company – September 2011 **
10.9 (j)	Maurice M. Taylor, Jr. Employment Agreement Amendment
10.10 (k)	Second Amended and Restated Credit Agreement among the Company and Bank of America, N.A. dated as of December 21, 2012
10.11*	Amended and Restated Facility Agreement among Italtractor Operations S.p.A and Intesa Sanpaolo S.p.A dated as of September 2, 2011
10.12*	Amended and Restated Facility Agreement among Italtractor I.T.M. S.p.A and Intesa Sanpaolo S.p.A dated as of September 2, 2011
21*	Subsidiaries of the Registrant
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

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

(a) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended September 30, 2010 (No. 1-12936).
(b) Incorporated by reference to the same numbered exhibit contained in the Company's Registration Statement on Form S-4 (No. 33-69228).
(c) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on December 21, 2009 (No. 1-12936).
(d) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed October 5, 2010. (No. 1-12936).
(e) Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement filed on March 28, 2011.
(f) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended June 30, 2006 (No. 1-12936).
(g) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-K for the year ended December 31, 2010 (No 1-12936).
(h) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on March 23, 2011 (No 1-12936).
(i) Incorporated by reference to the same numbered exhibit contained in the Company's Form 10-Q for the quarterly period ended September 30, 2011 (No 1-12936).
(j) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on February 15, 2012 (No 1-12936).
(k) Incorporated by reference to the same numbered exhibit contained in the Company's Current Report on Form 8-K filed on December 21, 2012 (No. 1-12936)

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Management’s Responsibility for Financial Statements

Management is responsible for the preparation of the Company’s consolidated financial statements included in this annual report on Form 10-K. Management believes that the consolidated financial statements fairly reflect the Company’s financial transactions and the financial statements reasonably present the Company’s financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

The Board of Directors of the Company has an Audit Committee comprised entirely of outside directors who are independent of management. The Committee meets periodically with management, the internal auditors and the independent registered public accounting firm to review accounting control, auditing and financial reporting matters. The Audit Committee is responsible for the appointment of the independent registered public accounting firm and approval of their fees.

The independent registered public accounting firm audits the Company’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). The consolidated financial statements as of December 31, 2012, have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

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Report of Independent Registered Public Accounting Firm

Board of Directors and
Shareholders of Titan International, Inc.

We have audited the accompanying consolidated balance sheet of Titan International, Inc. (an Illinois corporation) and its subsidiaries (the Company) as of December 31, 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flow for the year then ended In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. We also have audited the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting (“Management's Report”). Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audit. Our audit of, and opinion on, the Company's internal control over financial reporting does not include internal control over financial reporting of Titan National (Australia) Holdings PTY LTD (“Titan National”)., majority interest, whose financial statements reflect total assets and revenues constituting 4.4 and 1.6 percent, respectively and Titan Europe Plc, a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 37.8 and 5.5 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012. As indicated in Management's Report, Titan National was acquired August 2, 2012 and Titan Europe Plc. was acquired October 31, 2012, and therefore, management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Titan National. and Titan Europe Plc.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Titan International Inc. (and subsidiaries) as of December 31, 2012, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control-Integrated Framework* issued by COSO.

/s/ Grant Thorton LLP
Chicago, Illinois
February 27, 2013

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Titan International, Inc.:

In our opinion, the consolidated balance sheet as of December 31, 2011 and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the two years in the period ended December 31, 2011 present fairly, in all material respects, the financial position of Titan International, Inc. and its subsidiaries at December 31, 2011, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule for each of the two years in the period ended December 31, 2011 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
St. Louis, Missouri
February 22, 2012

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

	Year ended December 31,		
	2012	**2011**	**2010**
Net sales	$ 1,820,678	$ 1,486,998	$ 881,591
Cost of sales	1,526,539	1,254,890	777,501
Gross profit	294,139	232,108	104,090
Selling, general and administrative expenses	126,157	85,917	57,565
Research and development expenses	7,148	4,228	6,317
Royalty expense	12,260	9,790	9,263
Supply agreement termination income	(26,134)	—	—
Income from operations	174,708	132,173	30,945
Interest expense	(27,658)	(25,259)	(26,667)
Noncash convertible debt conversion charge	—	(16,135)	—
Loss on senior note repurchase	—	—	(14,573)
Noncash Titan Europe Plc gain	26,700	—	—
Other income	6,823	5,116	1,105
Income before income taxes	180,573	95,895	(9,190)
Provision (benefit) for income taxes	86,613	37,759	(3,264)
Net income (loss)	93,960	58,136	(5,926)
Net loss attributable to noncontrolling interests	(1,593)	(16)	—
Net income (loss) attributable to Titan	$ 95,553	$ 58,152	$ (5,926)
Earnings (loss) per common share:			
Basic	$ 2.20	$ 1.40	$ (.17)
Diluted	$ 1.83	$ 1.18	$ (.17)
Average common shares and equivalents outstanding:			
Basic	43,380	41,657	34,896
Diluted	54,662	53,144	34,896
Dividends declared per common share:	$ .02	$ .02	$ .02

See accompanying Notes to Consolidated Financial Statements.

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TITAN INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(All amounts in thousands)

	Year ended December 31,		
	2012	**2011**	**2010**
Net income (loss)	$ 93,960	58,136	$ (5,926)
Unrealized gain on investments, net of tax of $1,018, $2,208, and $5,683, respectively	1,733	4,009	10,554
Noncash Titan Europe Plc gain, net of tax of $9,492	(17,208)	—	—
Currency translation adjustment, net	(7,262)	(12,833)	—
Pension liability adjustments, net of tax of $207, $4,583, and $(381), respectively	(642)	(7,709)	710
Comprehensive income	70,581	41,603	5,338
Net comprehensive loss attributable to noncontrolling interests	(1,593)	(16)	—
Comprehensive income attributable to Titan	$ 72,174	$ 41,619	$ 5,338

See accompanying Notes to Consolidated Financial Statements.

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

	December 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 189,114	$ 129,170
Accounts receivable (net of allowance of $5,130 and $4,204, respectively)	297,798	189,527
Inventories	366,385	190,872
Deferred income taxes	50,558	26,775
Prepaid and other current assets	75,140	28,249
Total current assets	978,995	564,593
Property, plant and equipment, net	568,344	334,742
Goodwill	24,941	19,841
Deferred income taxes	8,383	—
Other assets	112,444	91,110
Total assets	$ 1,693,107	$ 1,010,286
Liabilities and Equity		
Current liabilities		
Short-term debt	$ 145,801	$ 11,723
Accounts payable	180,065	76,574
Other current liabilities	135,835	87,469
Total current liabilities	461,701	175,766
Long-term debt	441,438	317,881
Deferred income taxes	62,259	38,691
Other long-term liabilities	107,096	81,069
Total liabilities	1,072,494	613,407
Commitments and contingencies: Notes 13, 27 and 28		
Equity		
Titan stockholders' equity		
Common stock (no par, 120,000,000 shares authorized, 50,350,048 and 44,092,997 issued, respectively)	—	—
Additional paid-in capital	507,199	380,332
Retained earnings	161,729	67,053
Treasury stock (at cost, 1,787,844 and 1,887,316 shares, respectively)	(16,445)	(17,338)
Treasury stock reserved for deferred compensation	(1,075)	(1,233)
Accumulated other comprehensive loss	(56,954)	(33,575)
Total Titan stockholders’ equity	594,454	395,239
Noncontrolling interests	26,159	1,640
Total equity	620,613	396,879
Total liabilities and equity	$ 1,693,107	$ 1,010,286

See accompanying Notes to Consolidated Financial Statements.

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TITAN INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All amounts in thousands, except share data)

	Number of common shares	Additional paid-in capital	Retained earnings	Treasury stock	Treasury stock reserved for contractual obligations	Accumulated other comprehensive income (loss)	Total Titan Equity	Non-controlling interest	Total Equity
Balance January 1, 2010	35,260,941	$ 299,549	$ 16,377	$ (20,274)	$ (5,393)	$ (28,306)	$ 261,953	$ —	$ 261,953
Net loss			(5,926)				(5,926)		(5,926)
Pension liability adjustments, net of tax						710	710		710
Unrealized gain on investment, net of tax						10,554	10,554		10,554
Dividends on common stock			(707)				(707)		(707)
Exercise of stock options	56,250	(220)		505			285		285
Stock-based compensation		201					201		201
Deferred compensation transactions		999			3,476		4,475		4,475
Issuance of treasury stock under 401(k) plan	49,536	41		445			486		486
Balance December 31, 2010	35,366,727	300,570	9,744	(19,324)	(1,917)	(17,042)	272,031	—	272,031
Net income			58,152				58,152	(16)	58,136
Currency translation adjustment						(12,833)	(12,833)		(12,833)
Pension liability adjustments, net of tax						(7,709)	(7,709)		(7,709)
Unrealized gain on investment, net of tax						4,009	4,009		4,009
Dividends on common stock			(843)				(843)		(843)
Note conversion	6,617,709	73,909					73,909		73,909
Exercise of stock options	69,375	(98)		622			524		524
Acquisitions	125,524	1,708		1,127			2,835	1,656	4,491
Stock-based compensation		2,392					2,392		2,392
Tax benefit related to stock-based compensation		706					706		706
Deferred compensation transactions		846			684		1,530		1,530
Issuance of treasury stock under 401(k) plan	26,346	299		237			536		536
Balance December 31, 2011	42,205,681	380,332	67,053	(17,338)	(1,233)	(33,575)	395,239	1,640	396,879
Net income			95,553				95,553	(1,593)	93,960
Currency translation adjustment						(7,262)	(7,262)		(7,262)
Pension liability adjustments, net of tax						(642)	(642)		(642)
Noncash Titan Europe Plc gain, net of tax						(17,208)	(17,208)		(17,208)
Unrealized gain on investment, net of tax						1,733	1,733		1,733
Dividends on common stock			(877)				(877)		(877)
Exercise of stock options	71,910	288		646			934		934
Acquisitions	6,257,051	121,813					121,813	26,341	148,154
Consolidated joint venture							—	(229)	(229)
Stock-based compensation		4,087					4,087		4,087
Tax benefit related to stock-based compensation		184					184		184
Deferred compensation transactions		154			158		312		312
Issuance of treasury stock under 401(k) plan	27,562	341		247			588		588
Balance December 31, 2012	48,562,204	$ 507,199	$ 161,729	$ (16,445)	$ (1,075)	$ (56,954)	$ 594,454	$ 26,159	$ 620,613

See accompanying Notes to Consolidated Financial Statements.

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TITAN INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands)

	Year ended December 31,		
Cash flows from operating activities:	**2012**	**2011**	**2010**
Net income (loss)	$ 93,960	$ 58,136	$ (5,926)
Adjustments to reconcile net income to net cash			
provided by operating activities:			
Depreciation and amortization	54,095	44,908	37,567
Deferred income tax provision	17,170	(449)	(2,080)
Realized gain on investments	—	(1,588)	—
Noncash convertible debt conversion charge	—	16,135	—
Loss on note repurchase	—	—	14,573
Noncash Titan Europe Plc gain	(26,700)	—	—
Supply agreement termination income	(26,134)	—	—
Stock-based compensation	4,087	2,392	201
Excess tax benefit from stock options exercised	(184)	(706)	—
Issuance of treasury stock under 401(k) plan	588	536	486
Gain on acquisition	—	(285)	—
(Increase) decrease in assets:			
Accounts receivable	35,839	(105,619)	(21,491)
Inventories	23,917	(55,607)	(8,007)
Prepaid and other current assets	(25,229)	(2,214)	8,614
Other assets	6,987	1,134	91
Increase (decrease) in liabilities:			
Accounts payable	(44,542)	44,991	11,035
Other current liabilities	7,839	9,192	11,426
Other liabilities	8,475	(6,530)	4,222
Net cash provided by operating activities	130,168	4,426	50,711
Cash flows from investing activities:			
Capital expenditures	(65,740)	(35,744)	(28,854)
Acquisitions, net of cash acquired	780	(99,118)	—
Purchases of marketable securities	—	(30,000)	—
Sales of marketable securities	—	31,586	—
Other	1,066	2,473	106
Net cash used for investing activities	(63,894)	(130,803)	(28,748)
Cash flows from financing activities:			
Proceeds from borrowings	8,838	—	200,000
Repurchase of senior unsecured notes	—	(1,064)	(206,166)
Payment on debt	(20,811)	(8,856)	—
Term loan borrowing	8,333	25,879	—
Proceeds from exercise of stock options	934	524	285
Excess tax benefit from stock options exercised	184	706	—
Payment of financing fees	(1,275)	—	(5,057)
Dividends paid	(845)	(809)	(707)
Net cash provided by (used for) financing activities	(4,642)	16,380	(11,645)
Effect of exchange rate changes on cash	(1,688)	(333)	—
Net increase (decrease) in cash and cash equivalents	59,944	(110,330)	10,318
Cash and cash equivalents, beginning of year	129,170	239,500	229,182
Cash and cash equivalents, end of year	$ 189,114	$ 129,170	$ 239,500
Supplemental information:			
Interest paid	$ 27,192	$ 24,818	$ 23,694
Income taxes paid	$ 86,587	$ 30,807	$ 192
Noncash investing and financing information:			
Issuance of common stock for Titan Europe Plc acquisition	$ 121,813	$ —	$ —
Issuance of common stock for convertible debt payment	$ —	$ 73,909	$ —

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1.DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Business

Titan International, Inc. and its subsidiaries (Titan or the Company) are leading manufacturers of wheels, tires and undercarriage systems and components for off-highway vehicles used in the agricultural, earthmoving/construction and consumer markets. Titan manufactures both wheels and tires for the majority of these market applications, allowing the Company to provide the value-added service of delivering complete wheel and tire assemblies. The Company offers a broad range of products that are manufactured in relatively short production runs to meet the specifications of original equipment manufacturers (OEMs) and/or the requirements of aftermarket customers.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly- and majority-owned subsidiaries. Investments in publicly traded entities of less than 20% and those that Titan does not exercise significant influence over are carried at fair value in accordance with Accounting Standards Codification (ASC) 320 Investments – Debt and Equity Securities. All significant intercompany accounts and transactions have been eliminated.

Inventories

Inventories are valued at the lower of cost or market. At December 31, 2012, approximately 16% of the Company's inventories were valued under the last-in, first out (LIFO) method. The majority of steel material inventory and related work-in-process and finished goods are accounted for under the LIFO method. The remaining inventories were valued under the first-in, first-out (FIFO) method or average cost method. Market value is estimated based on current selling prices. Estimated provisions are established for slow-moving and obsolete inventory.

Deferred financing costs

Deferred financing costs are costs incurred in connection with the Company's revolving credit facility, 7.875% senior secured notes and 5.625% convertible senior subordinated notes. The deferred financing costs associated with each of the debt facilities are being amortized over the life of the debt. Amortization of deferred financing costs for the debt facilities approximates the effective interest rate method.

Fixed assets

Property, plant and equipment have been recorded at cost. Depreciation is provided using the straight-line method over the following estimated useful lives of the related assets:

	Years
Building and improvements	25 - 40
Machinery and equipment	10 - 20
Tools, dies and molds	4 - 9

Maintenance and repairs are expensed as incurred. When property, plant and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated, and any gain or loss on disposition is included in the accompanying consolidated statements of operations.

Interest is capitalized on fixed asset projects which are constructed over a period of time. The amount of interest capitalized is determined by applying a weighted average interest rate to the average amount of accumulated expenditures for the asset during the period. The interest rate used is based on the rates applicable to borrowings outstanding during the period.

Fair value of financial instruments

The Company records all financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, other accruals and notes payable at cost, which approximates fair value due to their short term or stated rates. Investments in marketable equity securities are recorded at fair value. The 7.875% senior secured notes due 2017 (senior secured notes) and 5.625% convertible senior subordinated notes due 2017 (convertible notes) are carried at cost of $200.0 million and $112.9 million at December 31, 2012, respectively. The fair value of these notes at December 31, 2012, as obtained through independent pricing sources, was approximately $212.5 million for the senior secured notes and approximately $263.6 million for the convertible notes. The increase in the fair value of the convertible notes is due primarily to the increased value of the underlying common stock.

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Impairment of fixed assets
The Company reviews fixed assets to assess recoverability from future operations whenever events and circumstances indicate that the carrying values may not be recoverable. Impairment losses are recognized in operating results when expected undiscounted future cash flows are less than the carrying value of the asset. Impairment losses are measured as the excess of the carrying value of the asset over the discounted expected future cash flows or the estimated fair value of the asset.

Equity method investments
The Company had an equity method investment of $37.1 million in Wheels India Limited as of December 31, 2012, representing a 35.9% ownership. This equity method investment is included in Other Assets in the consolidated balance sheets. The value of this investment based on the December 31, 2012 market price was $53.1 million. The Company assesses the carrying value of its equity method investments whenever events and circumstances indicate that the carrying values may not be recoverable. Investment write-downs, if necessary, are recognized in operating results when expected undiscounted future cash flows are less than the carrying value of the asset. These write-downs, if any, are measured as the excess of the carrying value of the asset over the discounted expected future cash flows or the estimated fair value of the asset.

Foreign currency translation
The financial statements of the Company's foreign subsidiaries are translated to United States currency in accordance with ASC 830 Foreign Currency Matters. Assets and liabilities are translated to United States dollars at period-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity. Gains and losses that result from foreign currency transactions are included in the accompanying consolidated statements of operations.

Impairment of goodwill
The Company reviews goodwill for impairment during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable.

Revenue recognition
The Company records sales revenue when products are shipped to customers and both title and the risks and rewards of ownership are transferred. Provisions are established for sales returns and uncollectible accounts based on historical experience. Should trends change, adjustments would be necessary to the estimated provisions.

Cost of sales
Cost of sales is comprised primarily of direct materials and supplies consumed in the manufacturing of the Company's products, as well as manufacturing labor, depreciation expense and overhead expense necessary to acquire and convert the purchased materials and supplies into a finished product. Cost of sales also includes all purchasing, receiving, inspection, internal transfers, and related distribution costs.

Selling, general and administrative expense
Selling, general and administrative (SG&A) expense is comprised primarily of sales commissions, marketing expense, selling and administrative wages, information system costs, legal fees, bank charges, professional fees, depreciation and amortization expense on non-manufacturing assets, and other administrative items.

Research and development expense
Research and development (R&D) expenses are expensed as incurred. R&D costs were $7.1 million, $4.2 million and $6.3 million for the years of 2012, 2011 and 2010, respectively. The higher R&D costs recorded during 2012 primarily resulted from increased R&D related to agricultural products.

Advertising
Advertising expenses are included in SG&A expense and are expensed as incurred. Advertising costs were approximately $2 million for each of the years ended December 31, 2012, 2011 and 2010.

Warranty costs
The Company provides limited warranties on workmanship on its products in all market segments. The provision for estimated warranty costs is made in the period when such costs become probable and is based on past warranty experience. See Note 11 for additional information.

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Income taxes
Deferred income tax provisions are determined using the liability method whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax basis of assets and liabilities. The Company assesses the realizability of its deferred tax asset positions to determine if a valuation allowance is necessary. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Earnings per share
Basic earnings per share (EPS) is computed by dividing consolidated net earnings by the weighted average number of common shares outstanding. Diluted EPS is computed by dividing adjusted consolidated net earnings by the sum of the weighted average number of common shares outstanding and the weighted average number of potential common shares outstanding. Potential common shares consist of outstanding options under the Company's stock compensation plans and the conversion of the Company's 5.625% convertible senior subordinated notes.

Cash and cash equivalents
The Company considers short-term debt securities with an original maturity of three months or less to be cash equivalents. The cash in the Company's U.S. banks is not fully insured by the Federal Deposit Insurance Corporation. The Company had $84.8 million and $2.9 million of cash in foreign bank accounts at December 31, 2012 and 2011, respectively. The Company's cash in its foreign bank accounts is not insured.

Interest paid
The Company paid $27.2 million, $24.8 million and $23.7 million for interest in 2012, 2011 and 2010, respectively.

Income taxes paid
Titan paid $86.6 million, $30.8 million and $0.2 million for income taxes in 2012, 2011 and 2010, respectively.

Environmental liabilities
Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future revenue are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and can be reasonably estimated.

Stock-based compensation
At December 31, 2012, the Company has one stock-based compensation plan, which is described in Note 26. Compensation expense for stock-based compensation is recognized over the requisite service period at the estimated fair value of the award at the grant date. The Company granted 45,000, 492,500, and 494,938 stock options in 2012, 2011 and 2010, respectively. The Company granted 293,000 restricted stock awards in 2012.

Reclassification
Certain amounts from prior years have been reclassified to conform to the current year's presentation.

Use of estimates
The policies utilized by the Company in the preparation of the financial statements conform to accounting principles generally accepted in the United States of America and require management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates and assumptions.

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Recently issued accounting standards

Comprehensive Income
In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220) - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in the update require an entity to report the effect of significant respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference other disclosures. The amendments in this update are effective prospectively for reporting periods after December 15, 2012. The adoption of this update is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

2. ACQUISITIONS

Acquisition of Planet Corporation Group
On August 2, 2012, Titan purchased a 56% controlling interest in Planet Corporation Group based in Perth, Australia (Planet) for $22.9 million and payment of $10.5 million for Planet's debt. The fair value of the consideration transferred and noncontrolling interests exceeded the fair value of the identified assets acquired less liabilities assumed. Therefore, goodwill of $13.7 million was recorded on the transaction, which is not expected to be deductible for tax purposes. An initial noncontrolling interest of $26.3 million was recorded at the acquisition date. The Company continues to evaluate the preliminary purchase price allocation, primarily the value of certain deferred taxes and goodwill, and may revise the purchase price allocation in future periods as these estimates are finalized.

Acquisition of Titan Europe Plc.
On October 31, 2012, Titan acquired over 97% of the outstanding stock of Titan Europe Plc (Titan Europe) and in December 2012, the remaining 3% interest was acquired. Titan Europe is an international engineering group which designs and manufactures wheels, undercarriage components and assemblies for tracked and wheeled "off-road vehicles". The Titan Europe acquisition allowed the Company to expand its global presence and expand its product line. Prior to the acquisition, Titan held a 21.8% ownership percentage in Titan Europe. Titan Europe shareholders received one share of new Titan common stock for every 11 Titan Europe shares held. A total of 6,257,051 new shares of Titan were issued with a value of $121.8 million. In addition, Titan paid cash of $5.6 million for option payouts and partial shares. Titan's previous investment in Titan Europe had a fair value on the acquisition date of $31.7 million based on Titan Europe's stock price on the AIM market in London. Total consideration including the value of stock issued, cash payments, and the fair value of previously held Titan Europe shares totaled $159.1 million. A gain of $26.7 million was recorded on Titan's previously held interest in Titan Europe which was recorded as Noncash Titan Europe Plc gain in the consolidated statement of operations. This gain was previously recorded in other comprehensive income.

The purchase price was allocated to the assets acquired and liabilities assumed based on their fair values. Inventory was valued using the comparative sales method. Real and personal property was valued at fair value. The Company continues to evaluate the preliminary purchase price allocation, primarily the value of certain deferred taxes and property, plant & equipment, and may revise the purchase price allocation in future periods as these estimates are finalized.

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The purchase price allocation of the Titan Europe acquisition consisted of the following
(in thousands):

Cash	$	39,122
Accounts receivable		128,585
Inventories		178,407
Deferred income taxes - current asset		22,068
Prepaid & other current assets		21,745
Property, plant & equipment		217,309
Investment in Wheels India Limited		36,804
Other assets		8,414
Short term debt		(96,822)
Accounts payable		(142,752)
Other current liabilities		(51,045)
Long term debt		(158,183)
Deferred income taxes - noncurrent liability		(12,636)
Other noncurrent liabilities		(31,874)
Net assets acquired	$	159,142

Acquisition of Goodyear's Latin American Farm Tire Business

On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's (Goodyear) Latin American farm tire business for approximately $98.6 million U.S. dollars. The transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment; inventories; a licensing agreement that allows Titan to sell Goodyear-brand farm tires in Latin America until 2018; and extends the North American licensing agreement until 2018.

The purchase price was allocated to the assets acquired and liabilities assumed based on their fair values. Inventory was valued using the comparative sales method. Real and personal property was valued at fair value. The excess of the purchase price over the identifiable assets acquired and liabilities assumed was reflected as goodwill. The goodwill was allocated to the agricultural segment and is not expected to be deductible for tax purposes.

The purchase price allocation of the Latin American farm tire business consisted of the following
(in thousands):

Cash	$	1,018
Inventories		14,562
Deferred income taxes - current asset		2,948
Prepaid & other current assets		4,929
Property, plant & equipment		108,905
Goodwill		14,484
Other assets		39,263
Other current liabilities		(21,127)
Deferred income taxes - noncurrent liability		(25,521)
Other noncurrent liabilities		(40,823)
Net assets acquired	$	98,638

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The purchase price allocation has changed from that reported in the Form 10-K for the year ended December 31, 2011. In the first quarter of 2012, after filing the Form 10-K for the year ended December 31, 2011, Titan became aware of information related to the classification of the Latin American business for US tax purposes. In the second quarter of 2012, Titan became aware of additional information related to this acquisition. As a result of this information, which was available at the time of acquisition, Titan concluded that there were errors in the original accounting for the acquisition. Titan has concluded that the impact of these errors is immaterial to the consolidated financial statements for the years ended December 31, 2012 and 2011, and therefore the correction of these errors were recorded as of January 1, 2012. The correction of these errors impacted the following areas: an increase in current deferred income tax asset of $2.9 million, a decrease in goodwill of $8.4 million, and a decrease in noncurrent deferred income tax liability of $5.5 million. As a result of currency exchange rate differences, the January 1, 2012 recorded decrease in goodwill was $7.3 million, with a $1.1 million offset in currency translation adjustment.

Pro forma financial information

The following unaudited pro forma financial information gives effect to the acquisition of Titan Europe Plc and Goodyear's Latin American farm tire business as if the acquisitions had taken place on January 1, 2011. The pro forma financial information for Titan Europe Plc was derived from the historical accounting records of Titan Europe. The Titan Europe results were adjusted for US GAAP differences and to reflect additional depreciation. The pro forma financial information for the Sao Paulo, Brazil manufacturing facility was derived from The Goodyear Tire & Rubber Company's historical accounting records. These amounts have been calculated by adjusting the historical results of the Sao Paulo, Brazil facility to reflect the additional depreciation and the amortization of the prepaid royalty discount and supply agreement liability assuming the fair value adjustments had taken place.

Pro forma financial information is as follows (in thousands, except per share data):

		2012		2011
Net sales	$	2,423,724	$	2,295,791
Net income		75,228		92,278
Net income attributable to Titan		76,821		92,294
Basic earnings per share	$	1.55	$	1.93
Diluted earnings per share		1.32		1.63

The pro forma information is presented for illustrative purposes only and may not be indicative of the results that would have been obtained had the acquisition actually occurred on January 1, 2011, nor is it necessarily indicative of Titan's future consolidated results of operations or financial position.

3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

		2012		2011
Accounts receivable	$	302,928	$	193,731
Allowance for doubtful accounts		(5,130)		(4,204)
Accounts receivable, net	$	297,798	$	189,527

The Company has a receivable factoring facility at an Italian subsidiary. At December 31, 2012, the amount available and utilized under this facility were $14.5 million and $4.9 million, respectively. The amount utilized is included in accounts receivable and other current liabilities.

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4. INVENTORIES

Inventories at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Raw material	$ 153,308	$ 97,257
Work-in-process	69,030	31,141
Finished goods	154,785	75,137
	377,123	203,535
Adjustment to LIFO basis	(10,738)	(12,663)
	$ 366,385	$ 190,872

If the Company were to liquidate the December 31, 2012 balance of LIFO basis inventory, it would pay tax of $4.7 million.

5. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Prepaid supplies	$ 26,616	$ 17,413
Prepaid income taxes	15,298	—
Prepaid deposits	8,824	1,460
Prepaid royalty	4,985	4,299
Value added tax	4,114	—
Prepaid insurance	4,576	71
Other	10,727	5,006
	$ 75,140	$ 28,249

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Land and improvements	$ 66,012	$ 20,330
Buildings and improvements	192,135	121,847
Machinery and equipment	555,261	456,236
Tools, dies and molds	117,341	88,676
Construction-in-process	49,136	14,606
	979,885	701,695
Less accumulated depreciation	(411,541)	(366,953)
	$ 568,344	$ 334,742

Depreciation related to property, plant and equipment for the years 2012, 2011 and 2010 totaled $51.1 million, $43.1 million, and $35.2 million, respectively.

Included in the total of building and improvements are capital leases of $4.5 million at December 31, 2012. Included in the total of machinery and equipment are capital leases of $36.0 million at December 31, 2012.

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7. INVESTMENT IN TITAN EUROPE

Investment in Titan Europe Plc at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Investment in Titan Europe Plc	$ —	$ 28,998

At December 31, 2011, the Company held a 21.8% ownership interest in Titan Europe Plc, which was previously traded on the AIM market in London, England. The investment was accounted for as an available-for-sale security and included as a component of other assets on the Consolidated Balance Sheet. During 2012, Titan acquired 100% of the outstanding stock of Titan Europe Plc (Titan Europe). Titan Europe is now consolidated into the Company's results. See Note 2 for additional information.

8. OTHER ASSETS

Other assets at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Investment in Wheels India Limited	$ 37,115	$ —
Prepaid royalty	28,089	33,800
Amortizable intangibles	21,208	—
Investments for contractual obligations	7,408	12,395
Deferred financing costs	6,786	7,074
Investment in Titan Europe Plc	—	28,998
Other	11,838	8,843
	$ 112,444	$ 91,110

The investments for contractual obligations are being treated as trading securities.

9. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill by reporting units for the two years ended December 31, 2012, were as follows (amounts in thousands):

	Agricultural Segment	Earthmoving/ Construction Segment	Consumer Segment	Total
Balance at January 1, 2011	$ —	$ —	$ —	$ —
Acquisitions	22,896	—	—	22,896
Foreign currency translation	(3,055)	—	—	(3,055)
Balance at December 31, 2011	19,841	—	—	19,841
Acquisitions	—	13,653	—	13,653
Acquisition adjustment	(7,289)	—	—	(7,289)
Foreign currency translation	(1,030)	(234)	—	(1,264)
Balance at December 31, 2012	$ 11,522	$ 13,419	$ —	$ 24,941

The Company's agricultural segment goodwill balance is related to the acquisition of Goodyear's Latin American farm tire business which included the Sao Paulo, Brazil manufacturing facility. The Company's earthmoving/construction goodwill balance is related to the acquisition of Planet Group in August 2012.

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The Company reviews goodwill for impairment during the fourth quarter of each annual reporting period, and whenever events and circumstances indicate that the carrying values may not be recoverable. At the time of the review, the Company determines if it will first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. For December 31, 2012, the Company used a qualitative assessment for the earthmoving/construction goodwill related to the Company's acquisition of Planet Group in August 2012. The Company assessed various qualitative factors including the Australian economy, the earthmoving/construction equipment market and the 2012 performance of the Brazilian manufacturing facility. Based on the review, the Company determined the two-step goodwill impairment test was not required.

When the two-step goodwill impairment test is performed, the Company evaluates the recoverability of goodwill by estimating the future discounted cash flows of the reporting unit to which the goodwill relates and using an earnings before interest, taxes, depreciation, and amortization (EBITDA) multiple approach. In determining the estimated future cash flows, the Company considers current and projected future levels of income as well as business trends and economic conditions. When the Company’s estimated fair value of the reporting unit is less than the carrying value, a second step of the impairment analysis is performed. In this second step, the implied fair value of goodwill is calculated as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit’s goodwill, the difference is recognized as an impairment loss. For December 31, 2012, the Company used the two-step goodwill impairment test for the agricultural segment goodwill related to the acquisition of the Latin American farm tire business. No impairment was identified.

The components of intangible assets for the two years ended December 31, 2012, were as follows (amounts in thousands):

	Weighted- Average Useful Lives (in Years)	2012	2011
Amortizable intangible assets:			
Customer relationships	14.5	19,357	686
Patents, trademarks and other	2.7	3,658	639
Total at cost		23,015	1,325
Less accumulated amortization		(1,807)	(688)
		21,208	637

Amortization related to intangible assets for the years 2012, 2011, and 2010 totaled $1.1 million, $0.1 million, and $0.1 million, respectively.

10. OTHER CURRENT LIABILITIES

Other current liabilities at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Wages and commissions	$ 35,201	$ 12,168
Warranty	27,482	17,659
Accounts receivable factoring	8,513	—
Accrued interest	6,883	7,091
Insurance	5,549	5,047
CEO and management incentive compensation	4,194	6,638
Supply agreement liability	—	15,578
Other	48,013	23,288
	$ 135,835	$ 87,469

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11. WARRANTY COSTS

Changes in the warranty liability consisted of the following (amounts in thousands):

	2012	2011
Warranty liability, January 1	$ 17,659	$ 12,471
Acquisitions	2,496	—
Provision for warranty liabilities	33,701	27,127
Warranty payments made	(26,374)	(21,939)
Warranty liability, December 31	$ 27,482	$ 17,659

The Company provides limited warranties on workmanship on its products in all market segments. The majority of the Company's products have a limited warranty that ranges from zero to ten years, with certain products being prorated after the first year. The Company calculates a provision for warranty expense based on past warranty experience. Warranty accruals are included as a component of other current liabilities on the Consolidated Balance Sheets.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
Accrued pension liabilities	$ 61,477	$ 43,400
Accrued employment liabilities	18,276	14,656
Income tax liabilities	13,779	—
Derivative financial instruments	5,784	—
Supply agreement liability	—	19,470
Other	7,780	3,543
	$ 107,096	$ 81,069

13. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT

Long-term debt at December 31, 2012 and 2011, consisted of the following (amounts in thousands):

	2012	2011
European credit facilities	$ 202,097	$ —
7.875% senior secured notes due 2017	200,000	200,000
5.625% convertible senior subordinated notes due 2017	112,881	112,881
Other debt	69,151	16,723
Capital leases	3,110	—
	587,239	329,604
Less amounts due within one year	145,801	11,723
	$ 441,438	$ 317,881

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Aggregate maturities of long-term debt are as follows (amounts in thousands):

2013	$	145,801
2014		52,187
2015		44,319
2016		28,567
2017		314,643
Thereafter		1,722
	$	587,239

European credit facilities
European credit facilities consisted of various borrowings from Accordo Quadro, Intesa Sanpaolo S.p.A and Unicredit Corporate Banking S.p.A, totaling $202.1 million at December 31, 2012. Maturity dates on this debt range from less than one year to twelve years and interest rates range from 5% to 6.9%. The European facilities are secured by the shares and assets of select European subsidiaries. The Company's European credit facilities contain various covenants. These covenants are tested on six month intervals and the Company would be noncompliant if the covenants were not met for two successive six month periods. The Company did not meet certain financial covenants at December 31, 2012. The Company was in compliance with these covenants as of December 31, 2012, as this was the first period for not meeting covenants.

7.875% senior secured notes due 2017
The Company's 7.875% senior secured notes (senior secured notes) are due October 2017. These notes are secured by the land and buildings of the following subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport and Titan Wheel Corporation of Illinois. The Company's senior secured notes outstanding balance was $200.0 million at December 31, 2012.

5.625% convertible senior subordinated notes due 2017
The Company's 5.625% convertible senior subordinated notes (convertible notes) are due January 2017. The initial base conversion rate for the convertible notes is 93.0016 shares of Titan common stock per $1,000 principal amount of convertible notes, equivalent to an initial base conversion price of approximately $10.75 per share of Titan common stock. If the price of Titan common stock at the time of determination exceeds the base conversion price, the base conversion rate will be increased by an additional number of shares (up to 9.3002 shares of Titan common stock per $1,000 principal amount of convertible notes) as determined pursuant to a formula described in the indenture. The base conversion rate will be subject to adjustment in certain events. The Company's convertible notes balance was $112.9 million at December 31, 2012.

Revolving credit facility
The Company's $150 million revolving credit facility (credit facility) with agent Bank of America, N.A. has a December 2017 termination date and is collateralized by the accounts receivable and inventory of Titan and certain of its domestic subsidiaries. During 2012 and at December 31, 2012, there were no borrowings under the credit facility.

In December 2012, Titan amended its credit facility with Bank of America, N.A. The amendment extended the credit facility termination date to December 2017 from the previous January 2014 date. The amendment also increased the revolving commitment to $150 million from $100 million, reallocated the lender commitments and made other changes to the terms of the agreement.

Other debt
Brazil Term Loan
In May 2011, the Company entered into a two-year, unsecured $10.0 million Term Loan with Bank of America, N.A. (BoA Term Loan) to provide working capital for the Sao Paulo, Brazil manufacturing facility. Borrowings under the BoA Term Loan bear interest at a rate equal to London Interbank Offered Rate (LIBOR) plus 200 basis points. The BoA Term Loan shall be a minimum of $5.0 million with the option for an additional $5.0 million loan for a maximum of $10.0 million. The BoA Term Loan is due May 2013. The Company entered into an interest rate swap agreement and cross currency swap transaction with Bank of America Merrill Lynch Banco Multiplo S.A. that is designed to convert the outstanding $5.0 million US Dollar based LIBOR loan to a Brazilian Real based Certificate of Deposit Interbank (CDI) loan. See Note 14 for additional information. As of December 31, 2012, the Company had $5.0 million outstanding on this loan and the interest rate including the effect of the swap agreement was approximately 9%.

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Brazil Revolving Line of Credit
The Company's wholly-owned Brazilian subsidiary, Titan Pneus Do Brasil Ltda ("Titan Brazil"), has a revolving line of credit (Brazil line of credit) established with Bank of America Merrill Lynch Banco Multiplo S.A. in May 2011. Titan Brazil could borrow up to 16.0 million Brazilian Reais, which equates to approximately $7.8 million dollars as of December 31, 2012, for working capital purposes. Under the terms of the Brazil line of credit, borrowings, if any, bear interest at a rate of LIBOR plus 247 basis points. At December 31, 2012 there were no borrowings outstanding on this line of credit.

Australia Other Debt
Titan National Australia Holdings has capital leases totaling $1.5 million at December 31, 2012.

Titan Europe Other Debt
Titan Europe has overdraft facilities totaling $62.7 million at December 31, 2012.

Titan Europe Capital Leases
Titan Europe has capital lease obligations totaling $3.1 million at December 31, 2012.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses financial derivatives to mitigate its exposure to volatility in the interest rate and foreign currency exchange rate in Brazil. The Company uses these derivate instruments to hedge exposure in the ordinary course of business and does not invest in derivative instruments for speculative purposes. In order to reduce interest rate and foreign currency risk on the BoA Term Loan, the Company entered into an interest rate swap agreement and cross currency swap transactions with Bank of America Merrill Lynch Banco Multiplo S.A. that are designed to convert the outstanding $5.0 million US Dollar based LIBOR loan to a Brazilian Real based CDI loan. The Company has not designated this agreement as a hedging instrument. Changes in the fair value of the cross currency swap are recorded in other income (expense) and changes in the fair value of the interest rate swap agreement are recorded as interest expense (or gain as an offset to interest expense). For the year ended December 31, 2012, the Company recorded $0.0 million of other expense and $0.4 million of interest expense related to this derivative.

The Company also uses derivative financial instruments to manage its exposure to market risks from changes in interest and foreign exchange rates in Europe. These derivative financial instruments are recognized at fair value. The Company has not designated these financial instruments as hedging instruments. Any gain or loss on the re-measurement of the fair value is taken to other income (expense). For the year ended December 31, 2012, the Company recorded $(0.2) million of other expense related to these derivatives.

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15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consisted of the following (amounts in thousands):

	Currency Translation Adjustments	Unrealized Gain (Loss) on Investments	Unrecognized Losses and Prior Service Cost	Total
Balance at January 1, 2011	$ (1,183)	$ 11,469	$ (27,328)	$ (17,042)
Currency translation adjustments	(12,833)	—	—	(12,833)
Unrealized gain on investments, net of tax of $2,208	—	4,009	—	4,009
Defined benefit pension plan entries:				
Unrecognized prior service cost, net of tax of $(52)	—	—	84	84
Unrecognized net loss, net of tax of $4,614	—	—	(7,758)	(7,758)
Unrecognized deferred tax liability, net of tax of $21	—	—	(35)	(35)
Balance at December 31, 2011	(14,016)	15,478	(35,037)	(33,575)
Currency translation adjustments	(7,262)	—	—	(7,262)
Unrealized gain on investments, net of tax of $1,018	—	1,733	—	1,733
Noncash Titan Europe Plc gain, net of tax of $9,492	—	(17,208)	—	(17,208)
Defined benefit pension plan entries:				
Unrecognized prior service cost, net of tax of $(51)	—	—	86	86
Unrecognized net loss, net of tax of $258	—	—	(728)	(728)
Balance at December 31, 2012	$ (21,278)	$ 3	$ (35,679)	$ (56,954)

16. STOCKHOLDERS' EQUITY

The Company is authorized by the Board of Directors to repurchase up to 2.5 million common shares subject to debt agreement covenants. The Company repurchased no Titan common shares in 2012, 2011, or 2010. The Company has no plans at this time to repurchase any Titan common stock. Titan paid cash dividends of $.02 per share of common stock for 2012, 2011, and 2010. Dividends declared totaled $0.9 million, $0.8 million and $0.7 million for 2012, 2011 and 2010, respectively.

17. FAIR VALUE MEASUREMENTS

ASC 820 Fair Value Measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as:

Level 1 – Quoted prices in active markets for identical instruments;

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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Assets and liabilities measured at fair value on a recurring basis consisted of the following (amounts in thousands):

	December 31, 2012				December 31, 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Investment in Titan Europe Plc (a)	$ —	$ —	$ —	$ —	$ 28,998	$ 28,998	$ —	$ —
Contractual obligation investments	7,408	7,408			12,395	12,395		
Interest rate swap	1,048	—	1,048	—	634	—	634	—
Preferred stock	250	—	—	250	1,000	—	—	1,000
Derivative financial instruments liability	(7,376)	—	(7,376)	—	—	—	—	—
Total	$ 1,330	$ 7,408	$ (6,328)	$ 250	$ 43,027	$ 41,393	$ 634	$ 1,000

(a) The fair value for the December 31, 2011 period presented has been decreased by cumulative translation adjustment of $1.2 million, which relates to the Company's Titan Europe Plc ownership in 2005 and before.

The following table presents the changes during the periods presented in Titan's Level 3 investments that are measured at fair value on a recurring basis (amounts in thousands):

	Preferred stock
Balance at December 31, 2011	$ 1,000
Change in preferred stock investment	(750)
Total realized and unrealized gains and losses	—
Balance as of December 31, 2012	$ 250

18. ROYALTY EXPENSE

The Company has a trademark license agreement with Goodyear to manufacture and sell certain tires in North America and Latin America under the Goodyear name. The North American and Latin American farm tire royalties were prepaid for seven years as a part of the 2011 Goodyear Latin American farm tire acquisition. In May 2012, the Company and Goodyear entered into an agreement under which Titan will sell certain non-farm tire products directly to third party customers and pay a royalty to Goodyear. Royalty expenses recorded for the years ended December 31, 2012, 2011 and 2010, were $12.3 million, $9.8 million and $9.3 million, respectively.

19. SUPPLY AGREEMENT TERMINATION INCOME

Supply agreement termination income consisted of the following (amounts in thousands):

	2012	2011	2010
Supply agreement termination income	$ 26,134	$ —	$ —

The Company's April 2011 acquisition of Goodyear's farm tire business included a three year supply agreement with Goodyear for certain non-farm tire products. A liability was recorded as the supply agreement was for sales at below market prices. In May 2012, the Company and Goodyear terminated this supply agreement and entered into an agreement under which Titan will sell these products directly to third party customers and pay a royalty to Goodyear. The remaining balance of the supply agreement liability was recorded as income as the Company is no longer obligated to sell the products at below market prices.

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20. NONCASH CONVERTIBLE DEBT CONVERSION CHARGE

Noncash convertible debt conversion charge consisted of the following (amounts in thousands):

	2012	2011	2010
Noncash convertible debt conversion charge	$ —	$ (16,135)	$ —

In the first quarter of 2011, the Company closed an Exchange Agreement with a note holder of its 5.625% convertible senior subordinated notes (convertible notes), pursuant to which such holder converted approximately $59.6 million in aggregate principal amount of the Convertible Notes into approximately 6.6 million shares of the Company's common stock, plus a payment for the accrued and unpaid interest. In connection with the exchange, the Company recognized a noncash charge of $16.1 million in accordance with ASC 470-20 Debt - Debt with Conversion and Other Options.

21. LOSS ON NOTE REPURCHASE

Loss on note repurchase consisted of the following (amounts in thousands):

	2012	2011	2010
Loss on note repurchase	$ —	$ —	$ (14,573)

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

22. NONCASH TITAN EUROPE PLC GAIN

Noncash Titan Europe Plc gain consisted of the following (amounts in thousands):

	2012	2011	2010
Noncash Titan Europe Plc gain	$ 26,700	$ —	$ —

In the fourth quarter of 2012, the Company acquired Titan Europe Plc. Prior to the acquisition, Titan held a 21.8% ownership percentage in Titan Europe, which had a fair value on the acquisition date of $31.7 million. As a result of recording the fair value of the investment on the acquisition date, a gain of $26.7 million was recorded on Titan's previously held interest in Titan Europe. This gain was previously recorded in other comprehensive income.

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23. OTHER INCOME, NET

Other income consisted of the following (amounts in thousands):

	2012	2011	2010
Discount amortization on prepaid royalty	$ 3,736	$ 3,149	$ —
Investment gain (loss) related to contractual obligations	1,022	(302)	824
Interest income	859	556	394
Building rental income	710	—	—
Wheels India Limited equity income	401	—	—
Investment gain on marketable securities	—	1,588	—
Gain on purchase transaction	—	285	—
Other income (expense)	95	(160)	(113)
	$ 6,823	$ 5,116	$ 1,105

24. INCOME TAXES

Income (loss) before income taxes, consisted of the following (amounts in thousands):

	2012	2011	2010
Domestic	$ 167,008	$ 82,282	$ (9,148)
Foreign	13,565	13,613	(42)
	$ 180,573	$ 95,895	$ (9,190)

The income tax provision (benefit) was as follows (amounts in thousands):

	2012	2011	2010
Current			
Federal	$ 47,616	$ 32,140	$ (853)
State	13,537	3,271	(331)
Foreign	8,290	2,797	—
	69,443	38,208	(1,184)
Deferred			
Federal	14,179	(1,904)	(2,531)
State	1,235	(357)	451
Foreign	1,756	1,812	—
	17,170	(449)	(2,080)
Income tax provision (benefit)	$ 86,613	$ 37,759	$ (3,264)

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The income tax provision differs from the amount of income tax determined by applying the statutory U.S. federal income tax rate to pre-tax income (loss) as a result of the following:

	2012	2011	2010
Statutory U.S. federal tax rate	35.0 %	35.0 %	35.0 %
Unrecognized tax positions	3.7	—	—
Tax impact of foreign income	6.4	(0.2)	(0.2)
State taxes, net	2.7	1.9	(0.7)
Domestic production exemption	(3.3)	(3.9)	—
Debt conversion expense	—	6.9	—
Section 162m limitation	2.6	—	—
Write off of Titan Europe deferred tax asset	2.1	—	—
Other, net	(1.2)	(0.3)	1.4
Effective tax rate	48.0 %	39.4 %	35.5 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2012 and 2011, are as follows (amounts in thousands):

	2012	2011
Deferred tax assets:		
Net operating loss carryforwards	$ 37,519	$ 815
Pension	14,684	15,412
Unrealized loss on investments	—	5,118
Inventory	3,412	6,621
Warranty	9,723	6,707
Employee benefits and related costs	11,319	4,259
Allowance for bad debts	3,335	3,147
Prepaid royalties	7,053	1,642
Reserves, other	3,988	—
Fixed assets	8,418	—
Other	14,370	6,425
Deferred tax assets	113,821	50,146
Deferred tax liabilities:		
Fixed assets	(82,400)	(62,062)
Intangible Assets	(6,225)	—
Other	(8,006)	—
Deferred tax liabilities	(96,631)	(62,062)
Subtotal	17,190	(11,916)
Valuation allowance	(23,691)	—
Net deferred tax asset	$ (6,501)	$ (11,916)

As of December 31, 2012 and 2011 certain tax loss carryforwards of $37.5 million and $0.8 million are available with $0.5 million expiring from 2013 through 2017 and $37.0 million expiring after 2017. A valuation allowance of $23.7 million and $0.0 million at December 31, 2012 and 2011 was established to offset the net operating loss carryforwards due to uncertainty of future income in the relevant taxing jurisdictions. The valuation allowance was set up as part of acquisition accounting.

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Income includes a $26.7 million gain formerly recorded to other comprehensive income related to the value of the investment in Titan Europe. A related income tax expense of $10.2 million was included in total tax expense. Further, since Titan Europe is now wholly owned and consolidated, the remaining deferred tax asset of $3.7 million relating to the book versus tax basis difference in the stock is written off in 2012 and included in income tax expense.

At December 31, 2012, U.S. income taxes have not been provided on approximately $2.9 million of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be invested indefinitely, would become subject to income tax if they were remitted as dividends, were lent to the Company or a U.S. affiliate, or if the Company were to sell its stock in the subsidiaries. The amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is insignificant.

The Company has applied the provisions of ASC 740, "Income Taxes" related to unrecognized tax benefits. No adjustment was made to retained earnings in adopting these provisions in 2007. At December 31, 2012, 2011, and 2010, the unrecognized tax benefits were $14.3 million, $0.0 million, and $0.0 million respectively. As of December 31, 2012, $11.5 million of unrecognized tax benefits would affect income tax expense if the tax benefits were recognized. The Company recorded $4.6 million of potential exposures as part of acquisition accounting and the majority of the remaining increase in unrecognized tax benefits related to potential state tax exposures. Although management cannot predict with any degree of certainty the timing of ultimate resolution of matters under review by various taxing jurisdictions, it is unlikely that the Company's gross unrecognized tax benefits balance will change significantly within the next twelve months.

Titan has identified the United States, the State of Illinois, Italy, United Kingdom, and Brazil as "major" tax jurisdictions. The Company is subject to U.S. Federal tax examinations for years 2009 to 2012. Various state and foreign income tax returns are also subject to examination. Generally, tax years 2009 and forward remain open under state statutes of limitations and tax years 2007 and forward remain open under foreign statutes of limitations.

A reconciliation of the total amounts of unrecognized tax benefits at December 31 were as follows (amounts in thousands):

	2012	2011	2010
Balance at January 1	—	—	—
Increases to tax positions taken during the current year	6,050	—	—
Increases to tax positions taken during the prior years	5,822	—	—
Balance at December 31	11,872	—	—

The Company accrues interest and penalties related to unrecognized tax benefits in income tax expense. The amount of interest and penalties related to unrecognized tax benefits recorded in income tax expense was $2.4 million, $0.0 million and $0.0 million at December 31, 2012, 2011 and 2010. The amount of accrued interest and penalties included in the unrecognized tax benefits at December 31, 2012, 2011 and 2010 was $2.4 million, $0.0 million, and $0.0 million, respectively.

25. EMPLOYEE BENEFIT PLANS

Pension plans

The Company has three frozen defined benefit pension plans covering certain employees or former employees of three U.S. subsidiaries. The Company also has pension plans covering certain employees of several foreign subsidiaries. The Company's policy is to fund pension costs as required by law, which is consistent with the funding requirements of federal laws and regulations. Certain foreign subsidiaries maintain unfunded pension plans consistent with local practices and requirements.

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The following table provides the change in benefit obligation, change in plan assets, funded status and amounts recognized in the consolidated balance sheet of the defined benefit pension plans as of December 31, 2012 and 2011 (amounts in thousands):

Change in benefit obligation:	**2012**	**2011**
Benefit obligation at beginning of year	$ 111,955	$ 98,831
Acquisition	20,258	4,869
Service cost	380	264
Interest cost	5,082	5,467
Actuarial (gain) loss	9,689	11,497
Benefits paid	(8,184)	(8,341)
Foreign currency translation	(76)	(632)
Benefit obligation at end of year	$ 139,104	$ 111,955
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 69,097	$ 73,156
Acquisition	1,797	—
Actual return on plan assets	8,574	637
Employer contributions	6,845	3,645
Benefits paid	(8,184)	(8,341)
Foreign currency translation	39	—
Fair value of plan assets at end of year	$ 78,168	$ 69,097
Unfunded status at end of year	$ (60,936)	$ (42,858)
Amounts recognized in consolidated balance sheet:		
Noncurrent assets	$ 541	$ 542
Noncurrent liabilities	(61,477)	(43,400)
Net amount recognized in the consolidated balance sheet	$ (60,936)	$ (42,858)

The pension benefit obligation included $111.7 million of pension benefit obligation for the three frozen plans in the U.S. and $27.4 million of pension benefit obligation for plans at foreign subsidiaries. The fair value of plan assets included $76.3 million of plan assets for the three frozen plans in the U.S. and $1.8 million of plan assets for foreign plans.

Amounts recognized in accumulated other comprehensive loss:

	2012	**2011**
Unrecognized prior service cost	$ (891)	$ (1,028)
Unrecognized net loss	(56,382)	(55,396)
Deferred tax effect of unrecognized items	21,594	21,387
Net amount recognized in accumulated other comprehensive loss	$ (35,679)	$ (35,037)

The weighted-average assumptions used in the actuarial computation that derived the benefit obligations at December 31 were as follows:	**2012**	**2011**
Discount rate	4.2%	4.6%
Expected long-term return on plan assets	7.4%	7.5%

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The following table provides the components of net periodic pension cost for the plans, settlement cost and the assumptions used in the measurement of the Company's benefit obligation for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

Components of net periodic benefit cost and other amounts recognized in other comprehensive income			
Net periodic benefit cost:	**2012**	**2011**	**2010**
Service cost	$ 380	$ 264	$ —
Interest cost	5,082	5,467	5,200
Assumed return on assets	(5,022)	(5,258)	(4,911)
Amortization of unrecognized prior service cost	137	137	137
Amortization of unrecognized deferred taxes	—	(56)	(56)
Amortization of net unrecognized loss	5,195	3,745	3,628
Net periodic pension cost	$ 5,772	$ 4,299	$ 3,998

The estimated net loss and prior service cost that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $5.2 million and $0.1 million, respectively.

The weighted-average assumptions used in the actuarial computation that derived net periodic pension cost for the years ended December 31, 2012, 2011 and 2010 were as follows:

	2012	**2011**	**2010**
Discount rate	4.3%	5.3%	5.8%
Expected long-term return on plan assets	7.5%	7.5%	7.5%

The allocation of the fair value of plan assets was as follows:

	Percentage of Plan Assets at December 31,		**Target Allocation**
Asset Category	**2012**	**2011**	**2013**
U.S. equities (a)	59%	60%	40% - 80%
Fixed income	24%	24%	20% - 50%
Cash and cash equivalents	8%	7%	0% - 20%
International equities (a)	9%	9%	0% - 16%
	100%	100%	

(a) Total equities may not exceed 80% of total plan assets.

The majority of the Company's foreign plans do not have plan assets. The one foreign plan which has plan assets holds these plan assets in an insurance fund.

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The fair value of the plan assets by asset categories at December 31, 2012 was as follows (amounts in thousands):

	Fair Value Measurements as of December 31, 2012			
	Total	Level 1	Level 2	Level 3
Money market funds	$ 5,866	$ 5,866	$ —	$ —
Domestic common stock	30,873	30,873	—	—
Foreign common stock	3,441	3,441	—	—
Corporate bonds	3,284	3,284	—	—
Foreign bonds	531	—	531	—
U.S. government securities	280	280	—	—
Mutual funds	1,109	1,109	—	—
Insurance fund	1,839	—	1,839	—
Common / collective trusts	30,945	—	30,945	—
Totals	$ 78,168	$ 44,853	$ 33,315	$ —

The fair value of the plan assets by asset categories at December 31, 2011 was as follows (amounts in thousands):

	Fair Value Measurements as of December 31, 2011			
	Total	Level 1	Level 2	Level 3
Money market funds	$ 4,659	$ 4,659	$ —	$ —
Domestic common stock	28,123	28,123	—	—
Foreign common stock	3,847	3,847	—	—
Corporate bonds	2,439	2,439	—	—
Foreign bonds	510	—	510	—
U.S. government securities	299	299	—	—
Mortgage-backed securities	—	—	—	—
Mutual funds	949	949	—	—
Common / collective trusts	28,271	—	28,271	—
Totals	$ 69,097	$ 40,316	$ 28,781	$ —

The Company invests in a diversified portfolio consisting of an array of asset classes in an attempt to maximize returns while minimizing risk. These asset classes include U.S. equities, fixed income, cash and cash equivalents, and international equities. The investment objectives are to provide for the growth and preservation of plan assets on a long-term basis through investments in: (i) investment grade securities that provide investment returns that meet or exceed the Standard & Poor's 500 Index and (ii) investment grade fixed income securities that provide investment returns that meet or exceed the Barclays Capital Aggregate Bond Index. The U.S. equities asset category included the Company's common stock in the amount of $3.7 million (approximately five percent of total plan assets) at December 31, 2012, and $3.3 million (approximately five percent of total plan assets) at December 31, 2011.

The fair value of money market funds, stock, bonds, U.S. government securities and mutual funds are determined based on valuation for identical instruments in active markets. The fair value of common and collective trusts is determined based on the fair value of the underlying instruments.

The long-term rate of return for plan assets is determined using a weighted-average of long-term historical approximate returns on cash and cash equivalents, fixed income securities, and equity securities considering the anticipated investment allocation within the plans. The expected return on plan assets is anticipated to be 7.5% over the long-term. This rate assumes long-term historical returns of approximately 9% for equities and approximately 6% for fixed income securities using the plans' target allocation percentages. Professional investment firms, none of which are Titan employees, manage the plan assets.

Although the 2013 minimum pension funding calculations are not finalized, the Company estimates those funding requirements will be approximately $ 5 million.

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Projected benefit payments from the plans as of December 31, 2012, are estimated as follows (amounts in thousands):

2013	$	9,492
2014		9,982
2015		9,717
2016		10,149
2017		9,576
2018-2022		48,963

401(k)/Defined contribution plans

The Company sponsors four 401(k) retirement savings plans in the U.S. and a number of defined contribution plans at foreign subsidiaries. One U.S. plan is for the benefit of substantially all employees who are not covered by a collective bargaining arrangement. Titan provides a 25% matching contribution in the form of the Company's common stock on the first 6% of the employee's contribution in this plan. The Company issued 27,562 shares, 26,346 shares and 49,536 shares of treasury stock in connection with this 401(k) plan during 2012, 2011 and 2010, respectively. Expenses to the Company related to this common stock matching contribution were $0.6 million, $0.5 million and $0.5 million for 2012, 2011 and 2010. The other three U.S. 401(k) plans are for employees covered by collective bargaining agreements and do not include a Company matching contribution. Expenses related to foreign defined contribution plans were $0.8 million for 2012.

26. STOCK COMPENSATION

The Company accounts for stock compensation using ASC 718 Compensation – Stock Compensation. The Company recorded stock compensation of $4.1 million, $2.4 million and $0.2 million in 2012, 2011 and 2010, respectively. The Company granted 45,000 stock options, 492,500 stock options and 494,938 stock options in 2012, 2011 and 2010, respectively. Options to the Board of Directors vest immediately and options to employees vest over three years. All options expire 10 years from the grant date. The Company granted 293,000 restricted stock awards in 2012 and no restricted stock awards in 2011 or 2010. The restricted stock awards vest over four years.

2005 Equity Incentive Plan

The Company adopted the 2005 Equity Incentive Plan to provide stock compensation as a means of attracting and retaining qualified independent directors and employees for the Company. A total of 2.0 million shares are available for future issuance under the equity incentive plan. The exercise price of stock options may not be less than the fair market value of the common stock on the date of the grant. The vesting and term of each option is set by the Board of Directors. The Company granted 45,000 stock options under this plan in 2012, 492,500 stock options under this plan in 2011, and 494,938 stock options under this plan in 2010. The Company granted 293,000 restricted stock awards under this plan in 2012.

Stock Options

The following is a summary of activity in stock options for 2012:

	Shares Subject to Option	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2011	1,234,051	$ 17.40		
Granted	45,000	23.39		
Exercised	(71,910)	12.99		
Forfeited/Expired	(27,054)	19.75		
Outstanding, December 31, 2012	1,180,087	17.85	7.25	$ 4,895
Exercisable, December 31, 2012	780,793	16.97	6.57	$ 4,032

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The total intrinsic value of options exercised in 2012 was $1.0 million. Cash received from the exercise of stock options was $0.9 million for 2012. Tax benefit realized for the tax deductions from stock options exercised was $0.4 million for 2012. The weighted-average per share estimated grant date fair value of options issued in 2012 was $13.39. Pre-tax unrecognized compensation expense for stock options was $4.4 million at December 31, 2012, and will be recognized as expense over a weighted-average period of 1.7 years.

The total intrinsic value of options exercised in 2011 was $1.3 million. Cash received from the exercise of stock options was $0.5 million for 2011. Tax benefit realized for the tax deductions from stock options exercised was $0.7 million in 2011. The weighted-average per share estimated grant date fair value of options issued in 2011 was $13.30.

The total intrinsic value of options exercised in 2010 was $0.4 million. Cash received from the exercise of stock options was $0.3 million for 2010. The weighted-average per share estimated grant date fair value of options issued in 2010 was $8.65. There was no tax benefit realized for the tax deductions from stock options exercised for 2010.

The Company currently uses treasury shares to satisfy any stock option exercises. At December 31, 2012, the Company had 1.8 million shares of treasury stock.

Valuation Assumptions

The Company uses the Black-Scholes option pricing model to determine the fair value of its stock options. The determination of the fair value of stock option awards on the date of grant using option pricing models is affected by the Company's stock price, as well as assumptions regarding a number of complex and subjective variables. These variables include the Company's expected stock price volatility over the expected term of the awards, actual and projected stock option exercise behaviors, risk-free interest rates and expected dividends. The expected term of options represents the period of time over which options are expected to be outstanding and is estimated based on historical experience. Expected volatility is based on the historical volatility of the Company's common stock calculated over the expected term of the option. The risk-free interest rate is based on U.S. Treasury yields in effect at the date of grant.

Weighted average assumptions used for stock options issued in 2012, 2011 and 2010:

	2012	2011	2010
Expected life (in years)	6.0	6.0	6.1
Expected volatility	67.0%	65.8%	55.5%
Expected dividends	0.1%	0.1%	—
Risk-free interest rate	0.93%	1.21%	1.82%

Restricted Stock

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2011	—	—
Granted	293,000	20.83
Vested	—	—
Forfeited/Expired	—	—
Unvested at December 31, 2012	293,000	20.83

Pre-tax unrecognized compensation expense for unvested restricted stock was 6.0 million at December 31, 2012, and will be recognized as an expense over a weighted-average period of 3.9 years.

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27. LITIGATION

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

28. LEASE COMMITMENTS

The Company leases certain buildings and equipment under operating leases. Certain lease agreements provide for renewal options, fair value purchase options, and payment of property taxes, maintenance and insurance by the Company. Total rental expense was $2.2 million, $1.5 million and $2.1 million for the years ended December 31, 2012, 2011 and 2010, respectively.

At December 31, 2012, future minimum rental commitments under noncancellable operating leases with initial or remaining terms in excess of one year are as follows (amounts in thousands):

2013	$	6,659
2014		5,015
2015		3,833
2016		3,848
2017		2,354
Thereafter		3,876
Total future minimum lease payments	$	25,585

At December 31, 2012, the Company had $9.4 million of assets held as finance leases included in property, plant and equipment. Total future capital lease obligations relating to these finance leases are as follows (amounts in thousands):

2013	$	1,443
2014		845
2015		613
2016		165
2017		42
Thereafter		2
Total future capital lease obligation payments		3,110
Less amount representing interest		(127)
Present value of future capital lease obligation payments	$	2,983

29. CONCENTRATION OF CREDIT RISK

Net sales to Deere & Company in Titan's agricultural, earthmoving/construction and consumer markets represented 19% of the Company's consolidated revenues for the year ended December 31, 2012, 18% of the Company's consolidated revenues for the year ended December 31, 2011, and 26% of the Company's consolidated revenues for the year ended December 31, 2010. Net sales to CNH Global N.V. in Titan's three markets represented 10% of the Company's consolidated revenues for the year ended December 31, 2012, 11% of the Company's consolidated revenues for the year ended December 31, 2011, and 15% of the Company's consolidated revenues for the year ended December 31, 2010. No other customer accounted for more than 10% of Titan's net sales in 2012, 2011 or 2010.

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30. RELATED PARTY TRANSACTIONS

The Company sells products and pays commissions to companies controlled by persons related to the chief executive officer of the Company. The related party is Mr. Fred Taylor and is Mr. Maurice Taylor's brother. The companies which Mr. Fred Taylor is associated with that do business with Titan include the following: Blackstone OTR, LLC; FBT Enterprises; and OTR Wheel Engineering. During 2012, 2011 and 2010, sales of Titan product to these companies were approximately $2.1 million, $2.6 million and $1.9 million, respectively. Titan had trade receivables due from these companies of approximately $0.2 million at December 31, 2012, and approximately $0.0 million at December 31, 2011. On other sales referred to Titan from these manufacturing representative companies, commissions were approximately $2.8 million, $2.3 million and $1.6 million during 2012, 2011 and 2010, respectively.

The Company has a 35.9% equity stake in Wheels India Limited, a company incorporated in India and listed on the National Stock Exchange in India. The Company had trade payables due to Wheels India of approximately $0.4 million at December 31, 2012.

31. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company has aggregated its operating units into reportable segments based on its three customer markets: agricultural, earthmoving/construction and consumer. These segments are based on the information used by the chief executive officer to make certain operating decisions, allocate portions of capital expenditures and assess segment performance. The accounting policies of the segments are the same as those described in Note 1, "Description of Business and Significant Accounting Policies." Segment external revenues, expenses and income from operations are determined on the basis of the results of operations of operating units of manufacturing facilities. Segment assets are generally determined on the basis of the tangible assets located at such operating units' manufacturing facilities and the intangible assets associated with the acquisitions of such operating units. However, certain operating units' goodwill and property, plant and equipment balances are carried at the corporate level.

Titan is organized primarily on the basis of products being included in three marketing segments, with each reportable segment including wheels, tires, wheel/tire assemblies and undercarriage systems and components.

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The table below presents information about certain revenues and expenses, income (loss) from operations and segment assets used by the chief operating decision maker of the Company as of and for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

	2012	2011	2010
Revenues from external customers			
Agricultural	$ 1,080,412	$ 960,693	$ 675,178
Earthmoving/construction	501,617	306,821	191,042
Consumer	238,649	219,484	15,371
	$ 1,820,678	$ 1,486,998	$ 881,591
Gross profit			
Agricultural	$ 206,376	$ 177,055	$ 108,102
Earthmoving/construction	74,348	39,328	(3,400)
Consumer	16,366	18,900	2,867
Unallocated corporate	(2,951)	(3,175)	(3,479)
	$ 294,139	$ 232,108	$ 104,090
Income from operations			
Agricultural	$ 178,587	$ 158,295	$ 91,953
Earthmoving/construction	47,310	32,781	(11,296)
Consumer	32,243	11,104	2,542
Unallocated corporate	(83,432)	(70,007)	(52,254)
Consolidated income from operations	174,708	132,173	30,945
Interest expense	(27,658)	(25,259)	(26,667)
Noncash convertible debt conversion charge	—	(16,135)	—
Loss on senior note repurchase	—	—	(14,573)
Gain on Titan Europe prior ownership	26,700	—	—
Other income, net	6,823	5,116	1,105
Income (loss) before income taxes	$ 180,573	$ 95,895	$ (9,190)
Capital expenditures			
Agricultural	$ 26,886	$ 12,789	$ 16,017
Earthmoving/construction	26,508	7,169	5,628
Consumer	4,100	1,465	478
Unallocated corporate	8,246	15,683	6,731
	$ 65,740	$ 37,106	$ 28,854
Depreciation & amortization			
Agricultural	$ 20,435	$ 18,296	$ 18,899
Earthmoving/construction	24,192	17,366	14,375
Consumer	5,855	5,450	458
Unallocated corporate	3,613	3,796	3,835
	$ 54,095	$ 44,908	$ 37,567
Total assets			
Agricultural	$ 626,454	$ 444,611	$ 304,048
Earthmoving/construction	838,806	193,566	171,410
Consumer	142,170	139,161	5,863
Unallocated corporate (a)	85,677	232,948	299,559
	$ 1,693,107	$ 1,010,286	$ 780,880

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(a) Unallocated assets include cash of approximately $103 million, $129 million, and $240 million at year-end 2012, 2011 and 2010, respectively.

The table below presents information by geographic area. Revenues from external customers were determined based on the location of the selling subsidiary. Geographic information as of and for the years ended December 31, 2012, 2011 and 2010 was as follows (amounts in thousands):

2012	United States	Other Countries	Consolidated Totals
Revenues from external customers	$ 1,356,264	$ 464,414	$ 1,820,678
Long-lived assets	262,064	331,221	593,285
2011			
Revenues from external customers	$ 1,210,531	$ 276,467	$ 1,486,998
Long-lived assets	248,835	105,748	354,583
2010			
Revenues from external customers	$ 881,591	$ —	$ 881,591
Long-lived assets	248,054	—	248,054

32. SUBSEQUENT EVENTS

Exchange Agreement for 5.625% Convertible Senior Subordinated Notes due 2017

In January 2013, Titan was approached by a note holder of the Company's 5.625% convertible senior subordinated notes due 2017 (convertible notes), with an offer to exchange the note holder's convertible notes for the Company's common stock. The two parties privately negotiated an agreement to exchange approximately $52.7 million in aggregate principal amount of the convertible notes for approximately 4.9 million shares of the Company's common stock plus a cash payment totaling $14.2 million for the premium on the principal and unpaid interest to maturity. The Company will record a conversion charge of approximately $7.3 million on this transaction in the first quarter of 2013.

33. EARNINGS PER SHARE

Earnings per share for 2012, 2011 and 2010, are (amounts in thousands, except per share data):

2012	Titan Net income (loss)	Weighted-average shares	Per share amount
Basic earnings per share	$ 95,553	43,380	$ 2.20
Effect of stock options/trusts	—	254	
Effect of convertible notes	4,572	11,028	
Diluted earnings per share	$ 100,125	54,662	$ 1.83
2011			
Basic earnings per share	$ 58,152	41,657	$ 1.40
Effect of stock options/trusts	—	233	
Effect of convertible notes	4,476	11,254	
Diluted earnings per share	$ 62,628	53,144	$ 1.18
2010			
Basic and diluted loss per share (a)	$ (5,926)	34,896	$ (0.17)

(a) The effect of stock options/trusts has been excluded as they were anti-dilutive. The weighted-average share amount excluded for stock options/trusts totaled 495,789 shares. The effect of convertible notes has not been included as they were anti-dilutive. The weighted-average share amount excluded for convertible notes totaled 16,764,701 shares.

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34. SUPPLEMENTARY DATA – QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(All amounts in thousands, except per share data)

Quarter ended	March 31		June 30		September 30	December 31		Year ended December 31	
2012									
Net sales	$ 463,088		$ 459,233		$ 404,719	$ 493,638		$ 1,820,678	
Gross profit	93,363		82,086		67,161	51,529		294,139	
Titan net income (loss)	35,419		44,056	(a)	19,579	(3,501)	(b)	95,553	
Per share amounts:									
Basic	.84		1.05	(a)	.46	(.07)	(b)	2.20	(c)
Diluted	.68		.84	(a)	.39	(.07)	(b)	1.83	(c)
2011									
Net sales	$ 280,829		$ 404,447		$ 398,805	$ 402,917		$ 1,486,998	
Gross profit	56,272		64,334		52,994	58,508		232,108	
Titan net income (loss)	(3,036)	(d)	25,564		21,163	14,461		58,152	
Per share amounts:									
Basic	(.07)	(d)	.61		.50	.34		1.40	(c)
Diluted	(.07)	(d)	.50		.42	.29		1.18	(c)

(a) Supply agreement termination income of $26.1 million was included in the quarter ended June 30, 2012.
(b) Noncash Titan Europe Plc gain of $26.7 million was included in the quarter ended December 31, 2012.
(c) As a result of changes in outstanding share balances and dilution factors, year-end per share amounts do not agree to the sum of the quarters.
(d) Noncash convertible debt charge of $16.1 million was included in the quarter ended March 31, 2011.

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35. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION

The Company's 5.625% convertible senior subordinated notes (convertible notes) are guaranteed by the following 100% owned subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, Titan Tire Corporation of Texas, Titan Wheel Corporation of Illinois, and Titan Wheel Corporation of Virginia. The note guarantees are full and unconditional, joint and several obligations of the guarantors. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The following condensed consolidating financial statements are presented using the equity method of accounting. Certain sales & marketing expenses recorded by non-guarantor subsidiaries have not been allocated to the guarantor subsidiaries.

(Amounts in thousands)	Consolidating Condensed Statements of Operations Year Ended December 31, 2012				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 1,345,874	$ 474,804	$ —	$ 1,820,678
Cost of sales	1,065	1,071,341	454,133	—	1,526,539
Gross profit (loss)	(1,065)	274,533	20,671	—	294,139
Selling, general and administrative expenses	9,993	89,605	26,559	—	126,157
Research and development expenses	381	5,792	975	—	7,148
Royalty expense	—	7,029	5,231	—	12,260
Supply agreement termination income	—	—	(26,134)	—	(26,134)
Income (loss) from operations	(11,439)	172,107	14,040	—	174,708
Interest expense	(24,066)	—	(3,592)	—	(27,658)
Noncash Titan Europe Plc gain	26,700	—	—	—	26,700
Intercompany interest income (expense)	285	2,051	(2,336)	—	—
Other income (expense)	4,847	23	1,953	—	6,823
Income (loss) before income taxes	(3,673)	174,181	10,065	—	180,573
Provision (benefit) for income taxes	19,327	60,645	6,641	—	86,613
Equity in earnings of subsidiaries	116,960	—	35,498	(152,458)	—
Net income (loss)	93,960	113,536	38,922	(152,458)	93,960
Net loss noncontrolling interests	—	—	—	(1,593)	(1,593)
Net income (loss) attributable to Titan	$ 93,960	$ 113,536	$ 38,922	$ (150,865)	$ 95,553

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(Amounts in thousands)

Consolidating Condensed Statements of Operations
Year Ended December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 1,195,707	$ 291,291	$ —	$ 1,486,998
Cost of sales	1,276	984,289	269,325	—	1,254,890
Gross profit (loss)	(1,276)	211,418	21,966	—	232,108
Selling, general and administrative expenses	30,936	10,648	44,333	—	85,917
Research and development expenses	87	4,141	—	—	4,228
Royalty expense	—	7,997	1,793	—	9,790
Income (loss) from operations	(32,299)	188,632	(24,160)	—	132,173
Interest expense	(24,489)	—	(770)	—	(25,259)
Noncash convertible debt conversion charge	(16,135)	—	—	—	(16,135)
Other income (expense)	5,456	(127)	(213)	—	5,116
Income (loss) before income taxes	(67,467)	188,505	(25,143)	—	95,895
Provision (benefit) for income taxes	(17,294)	63,527	(8,474)	—	37,759
Equity in earnings of subsidiaries	108,309	—	—	(108,309)	—
Net income (loss)	$ 58,136	$ 124,978	$ (16,669)	$ (108,309)	$ 58,136
Net loss noncontrolling interests	—	—	—	(16)	(16)
Net income (loss) attributable to Titan	$ 58,136	$ 124,978	$ (16,669)	$ (108,293)	$ 58,152

(Amounts in thousands)

Consolidating Condensed Statements of Operations
Year Ended December 31, 2010

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 881,591	$ —	$ —	$ 881,591
Cost of sales	2,340	773,396	1,765	—	777,501
Gross profit (loss)	(2,340)	108,195	(1,765)	—	104,090
Selling, general and administrative expenses	27,400	8,790	21,375	—	57,565
Research and development expenses	—	6,317	—	—	6,317
Royalty expense	—	9,263	—	—	9,263
Income (loss) from operations	(29,740)	83,825	(23,140)	—	30,945
Interest expense	(26,667)	—	—	—	(26,667)
Loss on note repurchase	(14,573)	—	—	—	(14,573)
Other income	921	49	135	—	1,105
Income (loss) before income taxes	(70,059)	83,874	(23,005)	—	(9,190)
Provision (benefit) for income taxes	(31,409)	38,463	(10,318)	—	(3,264)
Equity in earnings of subsidiaries	32,724	—	—	(32,724)	—
Net income (loss)	$ (5,926)	$ 45,411	$ (12,687)	$ (32,724)	$ (5,926)

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(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2012

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 93,960	$ 113,536	$ 38,922	$ (152,458)	$ 93,960
Unrealized gain (loss) on investments, net of tax	1,733	—	1,733	(1,733)	1,733
Noncash Titan Europe Plc gain, net of tax	(17,208)	—	(17,208)	17,208	(17,208)
Currency translation adjustment, net	(7,262)	—	(7,262)	7,262	(7,262)
Pension liability adjustments, net of tax	(642)	954	(1,596)	642	(642)
Comprehensive income (loss)	70,581	114,490	14,589	(129,079)	70,581
Net comprehensive loss attributable to noncontrolling interests	—	—	—	(1,593)	(1,593)
Comprehensive income (loss) attributable to Titan	$ 70,581	$ 114,490	$ 14,589	$ (127,486)	$ 72,174

(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 58,136	$ 124,978	$ (16,669)	$ (108,309)	$ 58,136
Unrealized gain (loss) on investments, net of tax	4,009	—	4,009	(4,009)	4,009
Currency translation adjustment, net	(12,833)	—	(12,833)	12,833	(12,833)
Pension liability adjustments, net of tax	(7,709)	(6,762)	(947)	7,709	(7,709)
Comprehensive income (loss)	41,603	118,216	(26,440)	(91,776)	41,603
Net comprehensive loss attributable to noncontrolling interests	—	—	—	(16)	(16)
Comprehensive income (loss) attributable to Titan	$ 41,603	$ 118,216	$ (26,440)	$ (91,760)	$ 41,619

(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2010

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ (5,926)	$ 45,411	$ (12,687)	$ (32,724)	$ (5,926)
Unrealized gain (loss) on investments, net of tax	10,554	—	10,554	(10,554)	10,554
Pension liability adjustments, net of tax	710	667	43	(710)	710
Comprehensive income (loss) attributable to Titan	$ 5,338	$ 46,078	$ (2,090)	$ (43,988)	$ 5,338

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(Amounts in thousands)	Consolidating Condensed Balance Sheets December 31, 2012				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 103,154	$ 6	$ 85,954	$ —	$ 189,114
Accounts receivable	(72)	131,022	166,848	—	297,798
Inventories	—	158,407	207,978	—	366,385
Prepaid and other current assets	49,438	17,159	59,101	—	125,698
Total current assets	152,520	306,594	519,881	—	978,995
Property, plant and equipment, net	11,497	222,533	334,314	—	568,344
Investment in subsidiaries	527,499	—	35,089	(562,588)	—
Other assets	35,564	499	109,705	—	145,768
Total assets	$ 727,080	$ 529,626	$ 998,989	$ (562,588)	$ 1,693,107
Liabilities and Stockholders' Equity					
Short-term debt	$ —	$ —	$ 145,801	$ —	$ 145,801
Accounts payable	1,000	21,892	157,173	—	180,065
Other current liabilities	13,911	55,661	66,263	—	135,835
Total current liabilities	14,911	77,553	369,237	—	461,701
Long-term debt	312,881	—	128,557	—	441,438
Other long-term liabilities	44,512	35,544	89,299	—	169,355
Intercompany accounts	(239,678)	34,033	205,645	—	—
Titan stockholders' equity	594,454	382,496	206,251	(588,747)	594,454
Noncontrolling interests	—	—	—	26,159	26,159
Total liabilities and stockholders' equity	$ 727,080	$ 529,626	$ 998,989	$ (562,588)	$ 1,693,107

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(Amounts in thousands)

Consolidating Condensed Balance Sheets
December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 125,266	$ 6	$ 3,898	$ —	$ 129,170
Accounts receivable	—	137,226	52,301	—	189,527
Inventories	—	162,134	28,738	—	190,872
Prepaid and other current assets	27,251	15,490	12,283	—	55,024
Total current assets	152,517	314,856	97,220	—	564,593
Property, plant and equipment, net	9,562	219,734	105,446	—	334,742
Investment in subsidiaries	184,317	—	—	(184,317)	—
Other assets	44,918	1,454	64,579	—	110,951
Total assets	$ 391,314	$ 536,044	$ 267,245	$ (184,317)	$ 1,010,286
Liabilities and Stockholders' Equity					
Short-term debt	$ —	$ —	$ 11,723	$ —	$ 11,723
Accounts payable	930	33,563	42,081	—	76,574
Other current liabilities	22,687	39,457	25,325	—	87,469
Total current liabilities	23,617	73,020	79,129	—	175,766
Long-term debt	312,881	—	5,000	—	317,881
Other long-term liabilities	29,267	38,187	52,306	—	119,760
Intercompany accounts	(369,690)	157,264	212,426	—	—
Titan stockholders' equity	395,239	267,573	(81,616)	(185,957)	395,239
Noncontrolling interests	—	—	—	1,640	1,640
Total liabilities and stockholders' equity	$ 391,314	$ 536,044	$ 267,245	$ (184,317)	$ 1,010,286

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(Amounts in thousands)	Consolidating Condensed Statements of Cash Flows Year Ended December 31, 2012			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used for) operating activities	$ (14,959)	$ 35,872	$ 109,255	$ 130,168
Cash flows from investing activities:				
Capital expenditures	(6,931)	(36,572)	(22,237)	(65,740)
Acquisitions, net of cash acquired	780	—	—	780
Other, net	—	700	366	1,066
Net cash used for investing activities	(6,151)	(35,872)	(21,871)	(63,894)
Cash flows from financing activities:				
Proceeds from borrowings	—	—	8,838	8,838
Payment on debt	—	—	(20,811)	(20,811)
Term loan borrowing	—	—	8,333	8,333
Proceeds from exercise of stock options	934	—	—	934
Excess tax benefit from stock options exercised	184	—	—	184
Payment of financing fees	(1,275)	—	—	(1,275)
Dividends paid	(845)	—	—	(845)
Net cash used for financing activities	(1,002)	—	(3,640)	(4,642)
Effect of exchange rate change on cash	—	—	(1,688)	(1,688)
Net increase (decrease) in cash and cash equivalents	(22,112)	—	82,056	59,944
Cash and cash equivalents, beginning of period	125,266	6	3,898	129,170
Cash and cash equivalents, end of period	$ 103,154	$ 6	$ 85,954	$ 189,114

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(Amounts in thousands)

Consolidating Condensed Statements of Cash Flows
Year Ended December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used for) operating activities	$ (12,391)	$ 17,958	$ (1,141)	$ 4,426
Cash flows from investing activities:				
Capital expenditures	(3,530)	(19,721)	(12,493)	(35,744)
Acquisitions, net of cash acquired	(99,118)	—	—	(99,118)
Purchases of marketable securities	(30,000)	—	—	(30,000)
Sales of marketable securities	31,586	—	—	31,586
Other, net	—	1,763	710	2,473
Net cash used for investing activities	(101,062)	(17,958)	(11,783)	(130,803)
Cash flows from financing activities:				
Repurchase of senior unsecured notes	(1,064)	—	—	(1,064)
Payment on debt	—	—	(8,856)	(8,856)
Term loan borrowing	—	—	25,879	25,879
Proceeds from exercise of stock options	524	—	—	524
Excess tax benefit from stock options	706	—	—	706
Dividends paid	(809)	—	—	(809)
Net cash provided by (used for) financing activities	(643)	—	17,023	16,380
Effect of exchange rate change on cash	—	—	(333)	(333)
Net increase (decrease) in cash and cash equivalents	(114,096)	—	3,766	(110,330)
Cash and cash equivalents, beginning of period	239,362	6	132	239,500
Cash and cash equivalents, end of period	$ 125,266	$ 6	$ 3,898	$ 129,170

(Amounts in thousands)

Consolidating Condensed Statements of Cash Flows
Year Ended December 31, 2010

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used for) operating activities	$ 28,158	$ 22,036	$ 517	$ 50,711
Cash flows from investing activities:				
Capital expenditures	(6,155)	(22,123)	(576)	(28,854)
Other, net	—	82	24	106
Net cash used for investing activities	(6,155)	(22,041)	(552)	(28,748)
Cash flows from financing activities:				
Proceeds from borrowings	200,000	—	—	200,000
Repurchase of senior notes	(206,166)	—	—	(206,166)
Proceeds from exercise of stock options	285	—	—	285
Payment of financing fees	(5,057)	—	—	(5,057)
Dividends paid	(707)	—	—	(707)
Net cash used for financing activities	(11,645)	—	—	(11,645)
Net increase (decrease) in cash and cash equivalents	10,358	(5)	(35)	10,318
Cash and cash equivalents, beginning of period	229,004	11	167	229,182
Cash and cash equivalents, end of period	$ 239,362	$ 6	$ 132	$ 239,500

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36. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION

The Company's 7.875% senior secured notes are guaranteed by the following 100% owned subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, and Titan Wheel Corporation of Illinois. The note guarantees are full and unconditional, joint and several obligations of the guarantors. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. The following condensed consolidating financial statements are presented using the equity method of accounting. Certain sales & marketing expenses recorded by non-guarantor subsidiaries have not been allocated to the guarantor subsidiaries.

(Amounts in thousands)	Consolidating Condensed Statements of Operations Year Ended December 31, 2012				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 1,325,145	$ 495,533	$ —	$ 1,820,678
Cost of sales	1,065	1,051,447	474,027	—	1,526,539
Gross profit (loss)	(1,065)	273,698	21,506	—	294,139
Selling, general and administrative expenses	9,993	87,481	28,683	—	126,157
Research and development expenses	381	5,741	1,026	—	7,148
Royalty expense	—	7,029	5,231	—	12,260
Supply agreement termination income	—	—	(26,134)	—	(26,134)
Income (loss) from operations	(11,439)	173,447	12,700	—	174,708
Interest expense	(24,066)	—	(3,592)	—	(27,658)
Noncash Titan Europe Plc gain	26,700	—	—	—	26,700
Intercompany interest income (expense)	285	2,051	(2,336)	—	—
Other income (expense)	4,847	(716)	2,692	—	6,823
Income (loss) before income taxes	(3,673)	174,782	9,464	—	180,573
Provision (benefit) for income taxes	19,327	60,488	6,798	—	86,613
Equity in earnings of subsidiaries	116,960	—	77,748	(194,708)	—
Net income (loss)	93,960	114,294	80,414	(194,708)	93,960
Net loss noncontrolling interests	—	—	—	(1,593)	(1,593)
Net income (loss) attributable to Titan	$ 93,960	$ 114,294	$ 80,414	$ (193,115)	$ 95,553

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(Amounts in thousands)

Consolidating Condensed Statements of Operations
Year Ended December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 1,172,869	$ 314,129	$ —	$ 1,486,998
Cost of sales	1,276	961,659	291,955	—	1,254,890
Gross profit (loss)	(1,276)	211,210	22,174	—	232,108
Selling, general and administrative expenses	30,936	10,291	44,690	—	85,917
Research and development expenses	87	4,134	7	—	4,228
Royalty expense	—	7,997	1,793	—	9,790
Income (loss) from operations	(32,299)	188,788	(24,316)	—	132,173
Interest expense	(24,489)	—	(770)	—	(25,259)
Noncash convertible debt conversion charge	(16,135)	—	—	—	(16,135)
Other income (expense)	5,456	(511)	171	—	5,116
Income (loss) before income taxes	(67,467)	188,277	(24,915)	—	95,895
Provision (benefit) for income taxes	(17,294)	63,450	(8,397)	—	37,759
Equity in earnings of subsidiaries	108,309	—	—	(108,309)	—
Net income (loss)	$ 58,136	$ 124,827	$ (16,518)	$ (108,309)	$ 58,136
Net loss noncontrolling interests	—	—	—	(16)	(16)
Net income (loss) attributable to Titan	$ 58,136	$ 124,827	$ (16,518)	$ (108,293)	$ 58,152

(Amounts in thousands)

Consolidating Condensed Statements of Operations
Year Ended December 31, 2010

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 863,575	$ 18,016	$ —	$ 881,591
Cost of sales	2,340	752,219	22,942	—	777,501
Gross profit (loss)	(2,340)	111,356	(4,926)	—	104,090
Selling, general and administrative expenses	27,400	8,491	21,674	—	57,565
Research and development expenses	—	6,190	127	—	6,317
Royalty expense	—	9,263	—	—	9,263
Income (loss) from operations	(29,740)	87,412	(26,727)	—	30,945
Interest expense	(26,667)	—	—	—	(26,667)
Loss on note repurchase	(14,573)	—	—	—	(14,573)
Other income	921	59	125	—	1,105
Income (loss) before income taxes	(70,059)	87,471	(26,602)	—	(9,190)
Provision (benefit) for income taxes	(31,409)	40,076	(11,931)	—	(3,264)
Equity in earnings of subsidiaries	32,724	—	—	(32,724)	—
Net income (loss)	$ (5,926)	$ 47,395	$ (14,671)	$ (32,724)	$ (5,926)

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(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2012

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 93,960	$ 114,294	$ 80,414	$ (194,708)	$ 93,960
Unrealized gain (loss) on investments, net of tax	1,733	—	1,733	(1,733)	1,733
Noncash Titan Europe Plc gain, net of tax	(17,208)	—	(17,208)	17,208	(17,208)
Currency translation adjustment, net	(7,262)	—	(7,262)	7,262	(7,262)
Pension liability adjustments, net of tax	(642)	954	(1,596)	642	(642)
Comprehensive income (loss)	70,581	115,248	56,081	(171,329)	70,581
Net comprehensive loss attributable to noncontrolling interests	—	—	—	(1,593)	(1,593)
Comprehensive income (loss) attributable to Titan	$ 70,581	$ 115,248	$ 56,081	$ (169,736)	$ 72,174

(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 58,136	$ 124,827	$ (16,518)	$ (108,309)	$ 58,136
Unrealized gain (loss) on investments, net of tax	4,009	—	4,009	(4,009)	4,009
Currency translation adjustment, net	(12,833)	—	(12,833)	12,833	(12,833)
Pension liability adjustments, net of tax	(7,709)	(6,762)	(947)	7,709	(7,709)
Comprehensive income (loss)	41,603	118,065	(26,289)	(91,776)	41,603
Net comprehensive loss attributable to noncontrolling interests	—	—	—	(16)	(16)
Comprehensive income (loss) attributable to Titan	$ 41,603	$ 118,065	$ (26,289)	$ (91,760)	$ 41,619

(Amounts in thousands)

Consolidating Condensed Statements of Comprehensive Income
For the Year Ended December 31, 2010

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ (5,926)	$ 47,395	$ (14,671)	$ (32,724)	$ (5,926)
Unrealized gain (loss) on investments, net of tax	10,554	—	10,554	(10,554)	10,554
Pension liability adjustments, net of tax	710	667	43	(710)	710
Comprehensive income (loss) attributable to Titan	$ 5,338	$ 48,062	$ (4,074)	$ (43,988)	$ 5,338

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(Amounts in thousands)	Consolidating Condensed Balance Sheets December 31, 2012				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 103,154	$ 4	$ 85,956	$ —	$ 189,114
Accounts receivable	(72)	128,917	168,953	—	297,798
Inventories	—	142,070	224,315	—	366,385
Prepaid and other current assets	49,438	17,021	59,239	—	125,698
Total current assets	152,520	288,012	538,463	—	978,995
Property, plant and equipment, net	11,497	208,734	348,113	—	568,344
Investment in subsidiaries	527,489	—	86,189	(613,678)	—
Other assets	35,564	499	109,705	—	145,768
Total assets	$ 727,070	$ 497,245	$ 1,082,470	$ (613,678)	$ 1,693,107
Liabilities and Stockholders' Equity					
Short-term debt	$ —	$ —	$ 145,801	$ —	$ 145,801
Accounts payable	1,000	21,222	157,843		180,065
Other current liabilities	13,911	55,290	66,634	—	135,835
Total current liabilities	14,911	76,512	370,278	—	461,701
Long-term debt	312,881	—	128,557	—	441,438
Other long-term liabilities	44,512	35,482	89,361	—	169,355
Intercompany accounts	(239,688)	(34,272)	273,960	—	—
Titan stockholders' equity	594,454	419,523	220,314	(639,837)	594,454
Noncontrolling interests	—	—	—	26,159	26,159
Total liabilities and stockholders' equity	$ 727,070	$ 497,245	$ 1,082,470	$ (613,678)	$ 1,693,107

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(Amounts in thousands)

Consolidating Condensed Balance Sheets
December 31, 2011

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 125,266	$ 4	$ 3,900	$ —	$ 129,170
Accounts receivable	—	133,320	56,207	—	189,527
Inventories	—	144,511	46,361	—	190,872
Prepaid and other current assets	27,251	15,385	12,388	—	55,024
Total current assets	152,517	293,220	118,856	—	564,593
Property, plant and equipment, net	9,562	205,027	120,153	—	334,742
Investment in subsidiaries	184,307	—	—	(184,307)	—
Other assets	44,918	1,454	64,579	—	110,951
Total assets	$ 391,304	$ 499,701	$ 303,588	$ (184,307)	$ 1,010,286
Liabilities and Stockholders' Equity					
Short-term debt	$ —	$ —	$ 11,723	$ —	$ 11,723
Accounts payable	930	33,070	42,574	—	76,574
Other current liabilities	22,687	39,104	25,678	—	87,469
Total current liabilities	23,617	72,174	79,975	—	175,766
Long-term debt	312,881	—	5,000	—	317,881
Other long-term liabilities	29,267	38,125	52,368	—	119,760
Intercompany accounts	(369,700)	85,560	284,140	—	—
Titan stockholders' equity	395,239	303,842	(117,895)	(185,947)	395,239
Noncontrolling interests	—	—	—	1,640	1,640
Total liabilities and stockholders' equity	$ 391,304	$ 499,701	$ 303,588	$ (184,307)	$ 1,010,286

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(Amounts in thousands)	Consolidating Condensed Statements of Cash Flows Year Ended December 31, 2012			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used for) operating activities	$ (14,959)	$ 35,327	$ 109,800	$ 130,168
Cash flows from investing activities:				
Capital expenditures	(6,931)	(36,025)	(22,784)	(65,740)
Acquisitions, net of cash acquired	780	—	—	780
Other, net	—	698	368	1,066
Net cash used for investing activities	(6,151)	(35,327)	(22,416)	(63,894)
Cash flows from financing activities:				
Proceeds from borrowings	—	—	8,838	8,838
Payment on debt	—	—	(20,811)	(20,811)
Term loan borrowing	—	—	8,333	8,333
Proceeds from exercise of stock options	934	—	—	934
Excess tax benefit from stock options exercised	184	—	—	184
Payment of financing fees	(1,275)	—	—	(1,275)
Dividends paid	(845)	—	—	(845)
Net cash used for financing activities	(1,002)	—	(3,640)	(4,642)
Effect of exchange rate change on cash	—	—	(1,688)	(1,688)
Net increase (decrease) in cash and cash equivalents	(22,112)	—	82,056	59,944
Cash and cash equivalents, beginning of period	125,266	4	3,900	129,170
Cash and cash equivalents, end of period	$ 103,154	$ 4	$ 85,956	$ 189,114

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(Amounts in thousands)	Consolidating Condensed Statements of Cash Flows Year Ended December 31, 2011			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by operating activities	$ (12,391)	$ 17,609	$ (792)	$ 4,426
Cash flows from investing activities:				
Capital expenditures	(3,530)	(19,371)	(12,843)	(35,744)
Acquisitions, net of cash acquired	(99,118)	—	—	(99,118)
Purchases of marketable securities	(30,000)	—	—	(30,000)
Sales of marketable securities	31,586	—	—	31,586
Other, net	—	1,763	710	2,473
Net cash used for investing activities	(101,062)	(17,608)	(12,133)	(130,803)
Cash flows from financing activities:				
Repurchase of senior unsecured notes	(1,064)	—	—	(1,064)
Payment on debt	—	—	(8,856)	(8,856)
Term loan borrowing	—	—	25,879	25,879
Proceeds from exercise of stock options	524	—	—	524
Excess tax benefit from stock options	706	—	—	706
Dividends paid	(809)	—	—	(809)
Net cash provided by (used for) financing activities	(643)	—	17,023	16,380
Effect of exchange rate change on cash	—	—	(333)	(333)
Net increase (decrease) in cash and cash equivalents	(114,096)	1	3,765	(110,330)
Cash and cash equivalents, beginning of period	239,362	3	135	239,500
Cash and cash equivalents, end of period	$ 125,266	$ 4	$ 3,900	$ 129,170

(Amounts in thousands)	Consolidating Condensed Statements of Cash Flows Year Ended December 31, 2010			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used for) operating activities	$ 28,158	$ 21,809	$ 744	$ 50,711
Cash flows from investing activities:				
Capital expenditures	(6,155)	(21,865)	(834)	(28,854)
Other, net	—	51	55	106
Net cash used for investing activities	(6,155)	(21,814)	(779)	(28,748)
Cash flows from financing activities:				
Proceeds from borrowings	200,000	—	—	200,000
Repurchase of senior notes	(206,166)	—	—	(206,166)
Proceeds from exercise of stock options	285	—	—	285
Payment of financing fees	(5,057)	—	—	(5,057)
Dividends paid	(707)	—	—	(707)
Net cash used for financing activities	(11,645)	—	—	(11,645)
Net increase (decrease) in cash and cash equivalents	10,358	(5)	(35)	10,318
Cash and cash equivalents, beginning of period	229,004	8	170	229,182
Cash and cash equivalents, end of period	$ 239,362	$ 3	$ 135	$ 239,500

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TITAN INTERNATIONAL, INC.

SCHEDULE II – VALUATION RESERVES

Description	Balance at beginning of year	Additions to costs and expenses	Deductions	Balance at end of year
Year ended December 31, 2012				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	$ 4,204,000	$ 1,240,000	$ (314,000)	$ 5,130,000
Year ended December 31, 2011				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	$ 3,889,000	$ 408,000	$ (93,000)	$ 4,204,000
Year ended December 31, 2010				
Reserve deducted in the balance sheet from the assets to which it applies				
Allowance for doubtful accounts	$ 3,958,000	$ 255,000	$ (324,000)	$ 3,889,000

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Private & Confidential Execution copy

Dated 2 September 2011

Italtractor Operations S.p.A. as Borrower

Intesa Sanpaolo S.p.A. as Arranger

Intesa Sanpaolo S.p.A. as ITO Facility Agent

Intesa Sanpaolo S.p.A. as Intercreditor Agent

Titan Europe pic and Italtractor I.T.M. S.p.A. as ITO Guarantors

and

The Financial Institutions listed in Schedule 1 as ITO Lenders

AMENDMENT AND RESTATEMENT AGREEMENT No. 2
relating to a Euro 40,000,000

FACILITY AGREEMENT
dated 2 February 2006 and amended and restated on 19 May 2009

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THIS AMENDMENT AND RESTATEMENT AGREEMENT No. 2 is dated 2 September 2011 and made in London BETWEEN:

(1) ITALTRACTOR OPERATIONS S.p.A. as Borrower;

(2) TITAN EUROPE pic and ITALTRACTOR I.T.M. S.p.A. as ITO Guarantors; (3) INTESA SANPAOLO S.p.A. as Arranger;
(4) INTESA SANPAOLO S.p.A. as ITO Facility Agent;

(5) INTESA SANPAOLO S.p.A. as Intercreditor Agent; and

(6) THE FINANCIAL INSTITUTIONS listed in schedule 1 *(The ITO Lenders),* as ITO Lenders. WHEREAS:

(A) This Amendment and Restatement Agreement No. 2 is supplemental to an agreement made between the same parties dated 2 February 2006, amended and restated on 19 May 2009 and further amended on 15 June 2009, 28 May 2010 and 18 October 2010 (the Principal Agreement), whereby the ITO Lenders agreed to make available to the Borrower a facility of up to Euro 40,000,000.00 upon the terms and subject to the conditions therein contained.

(B) The parties to the Principal Agreement have agreed to enter into this Amendment and Restatement Agreement No. 2 to amend certain provisions of the Principal Agreement upon satisfaction of the conditions precedent indicated in clause 7 *(Conditions precedent).*

NOW IT IS AGREED as follows:

1 Definitions and interpretation

1.1 Definitions in Principal Agreement

1.1.1 Unless the context otherwise requires and save as mentioned below, words and expressions defined in the Principal Agreement shall *have* the same meanings when used in this Amendment and Restatement Agreement.

1.1.2 In addition to the foregoing:

(a) in the Principal Agreement and in this Amendment and Restatement Agreement No. 2 the expression "Amendment and Restatement Agreement No. 2" shall mean this Amendment and Restatement Agreement No. 2; and

(b) the term "Effective Date" has the meaning given to it in clause 7.1 *(Conditions precedent).*

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1.2 Interpretation of Principal Agreement

References in the Principal Agreement to **"this Agreement"** shall unless the context otherwise requires, be references to the Principal Agreement as amended by this Amendment and Restatement Agreement No. 2 and words such as **"herein", "hereof', "hereunder", "hereafter", "hereby"** and **"hereto",** where they appear in the Principal Agreement, shalf be construed accordingly.

1.3 Incorporation of certain references

Clauses 1.2 *(Construction),* 1.3 *(Italian terms)* and 1.4.1 *(Third party rights)* of the Principal Agreement shall be deemed to be incorporated in this Amendment and Restatement Agreement No. 2 in full, mutatis mutandis.

1.4 Designation

In accordance with the Principal Agreement, the parties hereto designate this Amendment and

Restatement Agreement No. 2 as an ITO Finance Document.

2 Amendments to the Principal Agreement

With effect from the Effective Date the Principal Agreement shalf be amended and restated so that it shall be read and construed for all purposes as set out in Schedule 2 (Amended and Restated Agreement).

3 Representations and warranties

Each of the Obligors makes the representations and warranties set out in this clause 3 *(Representations and warranties)* on the date of this Amendment and Restatement Agreement No. 2 and the Effective Date.

3.1 Representations and warranties in Principal Agreement

The Repeating Representations are true and correct as if made at the date of this Amendment and Restatement Agreement No. 2 (or the Effective Date, as applicable) with reference to the facts and circumstances existing at such date.

3.2 Corporate power

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Amendment and Restatement Agreement No. 2 and the transactions contemplated by this Amendment and Restatement Agreement No. 2

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3.3 Binding obligations

The obligations expressed to be assumed by it in this Amendment and Restatement Agreement No. 2 are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to clause 4 *(Conditions of Utilisation)* and Schedule 2 *(Conditions Precedent)* of the Principal Agreement, legal, valid, binding and enforceable obligations.

3.4 No conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Amendment and Restatement Agreement No. 2 do not and will not conflict with:

3.4.1 any law or regulation applicable to it;

3.4.2 its or any of its Subsidiaries' constitutional documents, or

3.4.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

3.5 Consents obtained

All Authorisations required or desirable:

3.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Amendment and Restatement Agreement No. 2, and

3.5.2 to make this Amendment and Restatement Agreement No. 2 admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

3.6 No filings required

Under the law of its jurisdiction of incorporation it is not necessary that this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents or the transactions contemplated by this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents, except for any taxes imposed by Italy and required in connection with the Security Documents or as applicable upon occurrence of a *"caso d'uso"* (case of use) or of *"enunciazione"* (explicit reference), according to articles 6 and 22 of the Presidential Decree n. 131, dated 26 April 1986.

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4 Confirmation of the Guarantor

Each ITO Guarantor acknowledges the amendment and restatement of the Principal Agreement pursuant to clause 2 *(Amendments to the Principal Agreement)* of this Amendment and Restatement Agreement No. 2. Each ITO Guarantor acknowledges and agrees that the amendments to the Principal Agreement set forth in this Amendment and Restatement Agreement No. 2 shall not constitute for the purposes of the Security Documents and the guarantee granted by it pursuant to clause 17 *(Guarantee and indemnity)* of the Principal Agreement, novation of any of the obligations thereunder and confirms that, subject to any amendments to the Security Documents, its obligations under the ITO Finance Documents (including, for the avoidance of doubt, clause 17 *(Guarantee and indemnity)* of the Principal Agreement, and the Security Documents) and any Security, guarantee, suretyship and indemnity provided pursuant thereto, remain in full force and effect.

5 Feesandexpenses

5.1 Expenses

Within 5 Business Days of the date of this Amendment and Restatement Agreement No. 2 the Borrower shall pay the ITO Facility Agent and the Arranger the amount of all costs and expenses (including legal fees) incurred by any of them in connection with the negotiation, preparation, printing and execution of this Amendment and Restatement Agreement No. 2 and any other related document.

5.2 Stamp and other duties

The Borrower shall pay and, within three Business Days of demand, indemnify each ITO Finance Party against any cost, loss or liability that that ITO Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Amendment and Restatement Agreement No. 2 and any other related document.

5.3 Fee

The Borrower shall pay to the ITO Facility Agent (for the account of the ITO Lenders) a fee in the amount of €158,182 (the **Upfront Fee).**

The Upfront Fee shall be payable to the ITO Facility Agent (for the account of the ITO Lenders) as follows:

(a) 50% by no later than the date falling 10 Business Days from the date of this Amendment and Restatement Agreement No. 2; and

(b) 50% by no later than 30 September 2011.

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6 **Miscellaneous**

6.1 Continuation of Finance Documents

6.1.1 Save as amended by this Amendment and Restatement Agreement No. 2, the provisions of the Finance Documents shall continue in full force and effect and the Principal Agreement and this Amendment and Restatement Agreement No. 2 shall be read and construed as one instrument.

6.1.2 It is hereby acknowledged and agreed that the amendments to the Principal Agreement set forth in this Amendment and Restatement Agreement No. 2 shall not constitute for the purposes of the Security Documents and the guarantee granted by the ITO Guarantors pursuant to clause 17 *(Guarantee and indemnity)* of the Principal Agreement, novation of any of the obligations thereunder and, therefore, the parties hereto acknowledge and agree on the continuation of the Security created under the Security Documents.

6.2 Counterparts

This Amendment and Restatement Agreement No. 2 may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed and delivered shall be an original but all counterparts shall together constitute one and the same instrument.

6.3 Partial invalidity

If, at any time, any provision of this Amendment and Restatement Agreement No. 2 is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision in any other respect or under the law of any other jurisdiction will be affected or impaired in any way.

6.4 No waiver

Save as specifically set out in this Amendment and Restatement Agreement No. 2, no waiver of any provision of any ITO Finance Document is given by the terms of this Amendment and Restatement Agreement No. 2 and the ITO Lenders expressly reserve all their rights and remedies in respect of any breach of, or other Default under the ITO Finance Documents.

6.5 Italian Transparency Provisions- Summary sheet *("Documento di Sintesr')*

For the purposes of the transparency provisions set forth in the CICR Resolution of 4 March 2003 and in the *"Oisposizioni sulfa trasparenza delle operazioni e dei servizi bancari e finanziari"* issued by the Bank of Italy and amended from time to time, each party he to acknowledges and confirms that:

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6.5.1 it has appointed and has been assisted by its respective legal counsel in connection with the negotiation, preparation and execution of this Amendment and Restatement Agreement No. 2; and

6.5.2 this Amendment and Restatement Agreement No. 2, and all of its terms and conditions, including the recitals and the schedules hereto, have been specifically negotiated {in Italian, *"oggetto di trattativa individuate")* between the parties hereto.

7 Conditions precedent

7.1 Conditions precedent

The amendments to be made to the Principal Agreement by this Amendment and Restatement Agreement No. 2 shall take effect on and from the date on which the ITO Facility Agent notifies the Company and the ITO Lenders in writing that it has received the following documents in form and substance satisfactory to it (the **Effective Date):**

7.1.1 any Security Document (other than the Intertractor 2011 Share Pledge) or amendment to the Security Documents in form and substance satisfactory to the ITO Facility Agent;

7.1.2 satisfactory evidence that all corporate approvals which are required by the Obligors to approve the terms of, and the transactions contemplated by, this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents have been obtained, including a transcript, certified as true by a Director of the Company, of resolutions of the Board of Directors of the Obligors evidencing approval of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and authorising its appropriate officers to execute and deliver this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and to give all notices and take all other action required by the Obligors under this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents;

7.1.3 specimen signatures of the persons authorised in the resolutions of the Board of Directors referred to in clause 7.1.2 above if different from those delivered in relation to the Principal Agreement;

7.1.4 a copy of any other Authorisation or other document, opinion or assurance which the ITO Facility Agent considers to be necessary or desirable following a change in law, banking regulations or banking practice in connection with the entry into and performance of the transactions contemplated by this Amendment and Restatement Agreement No.2, any Security Document or any amendments to the Security Documents or for the validity and enforceability of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents; and

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7.1.5 evidence that the fees, costs and expenses then due from the Borrower pursuant to clause 5 *(Fees and expenses)* above have been paid.

7.2 Further conditions precedent

The ITO Facility Agent shall only give notice pursuant to clause 7.1 *(Conditions precedent)* above if on the date of such notice:

7.2.1 the representations and warranties set out in clause 3 *(Representations and warranties)* above are true and correct; and

7.2.2 no Default has occurred and is continuing under the ITO Finance Documents.

8 Conditions subsequent

8.1 Within 20 Business Days following the Effective Date, the Borrower shall deliver to the ITO Facility Agent a copy, certified as a true copy by a Director of the Company, of the original resolutions of the Board of Directors of the Borrower and ITM, duly signed and recorded in the relevant minute books, evidencing approval of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and authorising its appropriate officers to execute and deliver this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and to give all notices and take all other action required by the Borrower and ITM under this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents.

8.2 Within 30 days following the date of this Amendment and Restatement Agreement No. 2, the Company and the ITO Facility Agent shall agree a revised hedging policy setting out provisions relating to Hedging Agreements to be entered into pursuant to the Principal Agreement, in the same format as the Hedging Policy.

8.3 Within 30 days following the Effective Date, the Obligors shall procure that the shareholders of Intertractor enter into a new pledge agreement (the Intertractor 2011 Share Pledge) granting a pledge over 100% of the share capital of Intertractor in favour of the Intercreditor Agent for the benefit of the Secured Parties, such pledge agreement to be in form and substance reasonably satisfactory to the Intercreditor Agent and substantially the same form as the Intertractor Share Pledge and to be executed before a notary in Germany.

8.4 Within 10 Business Days following the date of this Amendment and Restatement Agreement No. 2, the Obligors shall procure that the following legal opinions are delivered to the ITO Facility Agent in form and substance satisfactory to the ITO Facility Agent:

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8.4.1 a legal opinion of Gateley LLP as English legal advisers to the Company on power, capacity and due authorisation of the Company in substantially the same form as the legal opinion of HBJ Gateley Wareing issued on 19 May 2009 in connection with the Amendment and Restatement Agreement No. 1; and

8.4.2 a legal opinion of Gianni, Origoni, Grippo & Partners as Italian legal advisers to the Obligors on power, capacity and due authorisation of the Borrower, ITM and NewCo.

9 Governing Law

This Amendment and Restatement Agreement No. 2 shall be governed by English law.

10 Enforcement

The provisions of clause 38. *(Enforcement)* of the Principal Agreement shall apply mutatis mutandis to this Amendment and Restatement Agreement No. 2 as if set out in this Amendment and Restatement Agreement No. 2 in full.

IN WITNESS whereof the parties hereto have caused this Amendment and Restatement Agreement No. 2 to be duly executed the day and year first above written.

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EXECUTION PAGE

THE COMPANY

TITAN EUROPE PLC

acting by a director:

Director

THE BORROWER

ITALTRACTOR OPERATIONS S.P.A. acting by a director:

Director

THE ITO GUARANTORS TITAN EUROPE PLC

acting by a director:

Director

ITALTRACTOR I.T.M. S.P.A.

acting by a director:

Director

THE ARRANGER

SIGNED by

for and on behalf of
INTESA SANPAOLO S.P.A. pursuant to a power of attorney

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THE INTERCREDITOR AGENT

SIGNED by

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

THE ITO FACILITY AGENT

SIGNED by **. .**

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

THE ITO LENDERS SIGNED by

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

SIGNED by

for and on behalf of

UNICREDIT S.P.A.

pursuant to a power of attorney

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Schedule 1

The ITO Lenders

Name of the ITO Lender
Intesa Sanpalo S.p.A
Unicredit S.p.A

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Schedule 2

Amended and Restated Agreement

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Private & Confidential Execution copy

Dated 2 February 2006 and amended and restated on 19 May 2009 and 2 September2011

Italtractor Operations S.p.A.
as Borrower

Intesa Sanpaolo S.p.A.
as Arranger

Intesa Sanpaolo S.p.A.
as ITO Facility Agent

Intesa Sanpaolo S.p.A.
as Intercreditor Agent

Titan Europe pic and Italtractor I.T.M. S.p.A.
as ITO Guarantors

and

The Financial Institutions listed in Part 2 of Schedule 1 as OriginalITO Lenders

FACILITY AGREEMENT

A
NORTON ROSE

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THIS AGREEMENT is dated 2 February 2006 and amended and restated on 19 May 2009 and 2 September 2011 and made in London between:

(1) Italtractor Operations. S.p.A. ("ITO" or the "Borrower");

(2) Intesa Sanpaolo S.p.A. (formerly Banca Intesa S.p.A.) as mandated lead arranger (the "Arranger");

{3) Titan Europe pic and Italtractor I.T.M S.p.A. ("ITM") as guarantors (the "ITO Guarantors");

(4) The Financial Institutions listed in Part 2 of Schedule 1 *(the Original Parties)* as lenders (the "Original ITO Lenders");

(5) Intesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.} as agent of the other ITO Finance Parties (the "ITO Facility Agent");

(6) Intesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.) as intercreditor agent of the Secured Parties (the "Intercreditor Agent"). WHEREAS:

(A) the Company has acquired the Rome Group (as defined below) through the acquisition of the entire share capital of NewCo, 17.74 per cent. of the shares in ITM (all as defined below) and 1 per cent. of the shares in Italtractor ITM S.A. a company incorporated and existing under the laws of the Grand Duchy of Luxembourg and having its registered office at 23 Avenue Monterey, L-2086, Luxembourg (Luxco) pursuant to the Acquisition Documents (as defined below) (the "Acquisition"). The 1 per cent of the shares in Luxco were subsequently transferred to NewCo (as defined below);

(B) the Company's enlarged share capital has been admitted to trading on the alternative investments market ("AIM"} in accordance with the rules of AIM (the "Admission") on the basis of, inter alia, an admission document dated 7 December 2005 prepared for the purpose of filing the application for the Admission (the "Admission Document");

(C) the Company wishes to secure the financial means to implement a restructuring plan of certain outstanding indebtedness of the Rome Group and has requested that the Facility be made available to the Borrower;

(D) the Company has further requested that a term loan facility of €100,000,000 and a revolving facility of €30,000,000 (the "Revolving Facility") are provided to ITM as part of the restructuring plan referred to in recital (C) above (the "ITM Facility");

(E) on 1 January 2007 Banca lntesa S.p.A. changed its co porate name to lntesa Sanpaolo S.p.A.;

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(F) on 20th October 2008 Banca di Roma S.p.A. and Bipop Carire S.p.A., *inter alias,* were merged into and formed part of Unicredit S.p.A., which became the legal successor in all the rights and obligations of Banca di Roma S.p.A. and Bipop Carire S.p.A.. On the same date Unicredit S.p.A. assigned its Corporate line of business *(Ramo di Azienda Corporate)* (comprehensive of any right and obligation formerly of Banca di Roma S.p.A. and Bipop Carire S.p.A. pertaining to this Agreement) to Unicredit Corporate Banking S.p.A. Subsequently, as of 1 November 2010, Unicredit Corporate Banking S.p.A has been merged into and is now part of Unicredit S.p.A., which became the legal successor in all the rights and obligations of Unicredit Corporate Banking S.p.A.;

(G) pursuant to a resolution passed at an extraordinary shareholders' meeting of 19 December

2006, NewCo S.p.A. changed its corporate name to "Titan ITM Holding S.p.A." and its registered office was moved to Crespellano (Bologna), *Via* Confortino no. 23/28, Localita Calcara;

(H) the Revolving Facility has been repaid in full by the Borrower and automatically cancelled at the end of the relevant Availability Period;

·(I) pursuant to the Amendment and Restatement Agreement No.1 the Parties agreed to amend the repayment schedule in respect of the loans outstanding under the Facility as at the date of the Amendment and Restatement Agreement No.1;

{J) the principal amount outstanding of the loans made under the Facility as at the date of the Amendment and Restatement Agreement No.2 is € 27,000,000 and the. Borrower has requested (amongst other amendments) that such principal amount be divided into two Loans, being Loan A in a principal amount of € 21,000,000, and Loan B in a principal amount o f6,000,000.

IT IS **AGREED** as follows:

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SECTION 1

INTERPRETATION

1 Definitions and interpretation

1.1 Definitions

In this Agreement, including the recitals:

"Acquisition" has the meaning given to it in recital (A).

"Acquisition Documents" means:

(a) a share option agreement dated 18 July 2005 and entered into by the Shareholders in NewCo and ITM in favour of the Company (as amended on 7 December 2005 (the "Option Agreement"));

(b) an option notice dated 7 December 2005 from the Company to the shareholders of

NewCo and ITM (the "Option Notice"); and

(c) any other document entered into or to be entered into for the purpose of implementing the transaction contemplated in the Option Agreement.

"Admission" has the meaning given to it in recital (B).

"Admission Document" has the meaning given to it in recital (B).

"Affiiiate" means, in relation to any person, a Subsidiary of thaiperson or a Holding Company of that person or any other Subsidiary of that Holding Company.

"AIM" has the meaning given to it in recital (B).

"Amendment and Restatement Agreement No.1" means the amendment and restatement agreement dated 19 May 2009, whereby the Parties hereto have amended and restated this Agreement upon the terms and subject to the conditions set out therein.

"Amendment and Restatement Agreement No.2" means the amendment and restatement agreement dated 2 September 2011, whereby the Parties hereto have amended and restated this Agreement upon the terms and subject to the conditions set out therein.

"Approved Market" means either (i) AIM; or (ii) the Official List of the London Stock Exchange or any other recognised investment exchange, reasonably acceptable to the Intercreditor Agent.

"Authorisation" means an authorisation, consent, filing, notarisation or registration.

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"Availability Period" means the period from and including the date of this Agreement to and including 31 May 2006.

"Available Commitmene means an ITO Lender's Commitment minus:

(a) the amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date.

"Available Facility" means the aggregate for the time being of each ITO Lender's Available

Commitment.

"Bond" means the "€100,000,000, 6.5% Guaranteed Notes due 2004" issued by Luxco and guaranteed by ITM (ISIN code no. XS0141764620).

"Break Costs" means the amount (if any) by which:

(a) the interest which an ITO Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principalamount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that ITO Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for generalbusiness in Milan and London and which is also a TARGET Day.

"Business Plan" means business plan for the Titan Group for the period 2011 to 2015 dated April 2011, a copy of which is in the agreed form, as revised from time to time in accordance with the ITO Finance Documents and in consultation with the ITO Facility Agent.

"Cashflow" means, in respect of any period, cash generated from operations, less income taxes paid, less net cash used in investing activities, less dividends paid, plus any proceeds from the issue of shares, and provided that no amount is taken into account more than once.

"Calculation Date" means 31 December 2006 and each 30 June and 31 December in each year thereafter until the end of the Facility Period.

"Commitment" means:

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(a) in relation to an Original ITO Lender, the amount set opposite its name under the heading "Commitment" in Part 2 of Schedule 1 *(The Original Parties)* and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other ITO Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Company" means Titan Europe pic, a public limited company incorporated and existing under the laws of England and Wales with company number 03018340 and having its registered office at Bridge Road, Coakley, Kidderminster, Worcestershire, DY10 3SD, United Kingdom.

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 6 *(Form of Compliance Certificate).*

"Consolidated Net Interest Payable" means, in respect of any relevant period, the aggregate amount of the interest (including the interest element of leasing and hire purchase payments and capitalised interest), commission, fees, discounts and other finance payments payable by any member of the Titan Group (including any commission, fees, discounts and other finance payments payable by any such member of the Titan Group under any hedging arrangement but deducting any commission, fees, discounts and other finance payments receivable by it under any interest rate hedging instrument) in respect of Financial Indebtedness but· deducting any other interest receivable by any member of the Titan Group on any deposit or bank account and any interest payable in respect of the Convertible Credits and excluding any interest charged (but not payable) as a result of the fair value adjustment of the Convertible Credits and other loans under the Framework Agreement.

"Convertible Creditsn means the portion of the consideration payable by the Company to the Existing Banks under the Framework Agreement, together with accrued interest on such consideration, the payment of which is deferred to a date falling on the eighth anniversary of the Framework Agreement (which indebtedness and interest may be converted, at the option of an Existing Bank, into shares in the Company).

"Currently Planned Financial Indebtedness" means additional Financial Indebtedness from time to time to be incurred by members of the Titan Group not exceeding in any financial year €5,000,000 in aggregate in respect of general borrowings and €6,000,000 in aggregate in respectoffinanceleases.

"Debt Service" means, in respect of any period, the aggregate of all cash payments made by the Titan Group in such period in respect of:

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(a) interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness excluding such items relating to intra-group indebtedness; and

(b) repayments and prepayments of Financial Indebtedness, excluding

(i) any prepayment made under clause 7.5 *(Mandatory prepayment - Excess Cashflow);*

(ii) any amounts falling due under Short Term Financial Indebtedness (except in . respect of Short Term Financial Indebtedness that is accelerated or terminated); and

(iii) repayments of intra-group indebtedness

and provided that no amount is taken into account more than once.

"Debt Service Cover Ratio" means, in respect of any period, the ratio of Cashflow to Debt Service.

"Default" means ali Event of Default or any event or circumstance specified in clause 22 *(Events of Default)* which would (with the expiry of a grace period, the giving of notice, the making of any determination under the ITO Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Disruption Event" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the ITO Finance Documents to be carried out)which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the ITO Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the ITO Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

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"Distribution" means any payment of dividends or other distribution (whether in cash or in kind) and any bonus issue or any return of capital including any payment in respect, or on the redemption, of any share capital whether at a premium or otherwise.

"EBITDA" means, in respect of any period, the consolidated profit on ordinary activities of the

Titan Group for such period:

{a) before any exceptional items and extraordinary items (including any costs of restructuring the Titan Group following the Acquisition);

(b) after deducting (to the extent otherwise included) any gain over book value earned by a *member* of the Titan Group, and after adding back (to the extent otherwise deducted) any loss against book value incurred by a member of the Titan Group, on:

{i) a disposal of an asset (not being an asset disposed of in the ordinary course of trading); and/or

(ii) a revaluation of an asset.

(c) after adding back (to the extent otherwise deducted) the costs for the Acquisition and any amortisation thereof;

(d) after adding back {to the extent otherwise deducted) amortisation and impairment charges in relation to goodwill and other intangible assets;

{e) after adding back (to the extent otherwise deducted) depreciation and impairment charges;

(f) before any deduction for interest payable by any member of the Titan Group; (g) before Tax;

(h) before taking into account the applicable share of any profit (except to the extent received by a member of the Titan Group in cash) or loss of any joint venture, associate or other person which is not a member of the Titan Group;

(i) before provision for any employee costs arising from share options or other employee share incentives; and

0) after deducting (to the extent otherwise included) profits {or adding back losses)

attributable to minority interests in members of the Titan Group,

in each case for such period. When used in relation to an individual member of the Titan Group, "EBITDA" shall be construed to mean the earnings before interest, tax, depreciation and

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amortisation (calculated on the same basis as EBITDA, *mutatis mutandis)* of that member of the Titan Group calculated on an unconsolidated basis.

"EURIBOR" means, in relation to any Loan:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the ITO Facility Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in euro for a period comparable to the Interest Period of the relevant Loan.

"euro" and "€" means the single currency of the Participating Member States.

"Event of Default" means any event or circumstance specified as such in clause 22 *(Events of Default).*

"Excess Cashflow·means for aliy financial year of the Titan Group, the amount by which the aggregate of:

(a) Cashflow; less

(b) any of such Cashflow generated by any member of the Titan Group which the relevant member of the Titan Group is not permitted to distribute lend or transfer to the Rome Group or Titan Europe or where to do so would cause material taxation or other liabilities to be incurred; less

(c) provision for any Distribution to be made by Titan Europe pic in respect of such financial year (unless such Distribution is prohibited under this Agreement);

exceeds 140% of Debt Service for such financial year.

"Existing Banks" means collectively Abaxbank S.p.A., Banca Agricola Mantovana S.p.A., Banca CRV Cassa di Risparmio eli Vignola S.p.A., Unicredit S.p.A (formerly Unicredit Corporate Banking S.p.A, Banca di Roma S.p.A and Bipop Carire S.p.A}, lntesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.), Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A., Banca Popolare deii'Emilia Romagna S.p.A., Banco di Sicilia S.p.A., Banco Popolare di Verona e Novara S.c.r.l, Centrobanca S.p.A., Credito Emiliano S.p.A., lnterbanca S.p.A., S.p.A., Mediocredito Trentino S.p.A., Meliorbanca S.p.A., CARISBO - Cassa di Risparmio In Bologna S.p.A, Unicredit Banca Mediocredito S.p.A. and "Existing Bank" means any one them.

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"Existing Debt Chart" means a paper describing all Financial Indebtedness owed by the Rome Group to third parties under existing facilities pre completion of the Acquisition.

"Existing Secured Facilities" means collectively: (a) the $24,385,000 facility owed by Intertractor America Co. as borrower to La Salle Bank N.A.; and (b) the Reals 29,251,000 facility owed by Italtractor Brazil to Banco National do Desenvolvimento.

"Extension Option" means the option to extend the maturity of all or any part of the Loan B outstanding as at the Termination Date in accordance with clause 6.2 *(Extension Option).*

"Facility" means the term loan facility made available under this Agreement as. described in clause 2 *(The Facility).*

"Facility Office" means the office or offices notified by an ITO Lender to the ITO Facility Agent in writing on or before the date it becomes an ITO Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"Facility Period" means the period from the date of this Agreement until all amounts (actual or contingent) payable by any Obligor under the ITO Finance Documents have been unconditionally and irrevocably paid or discharged in full by or on behalf of such Obligor to the satisfaction of the ITO Finance Parties.

"Fee Letter" means any letter or letters dated on or about the date of this Agreement between the Arranger, the Intercreditor Agent, the ITO Facility Agent and the Company setting out any of the fees referred to in clause 11 *(Fees).*

"FinancialCovenants" means the covenants contained in clause 20 *(Financial covenants).*

"Financial Indebtedness" means any indebtedness for or in respect of: (a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (including the Convertible Credits);

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, IAS or IFRS (as applicable), be treated as a finance or capital lease;

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(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market valueshall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Financial Quarter Day" means each 31 March, 30 June, 30 September and 31 December in any year.

"First Repayment Date" means 31 January 2011.

"First Triggering Date" means the date (being not earlier than the First Repayment Date) on which the Borrower delivers a Compliance Certificate showing that the Net Financial Indebtedness to EBITDA ratio is equal to or Jess than 3:1.

"Framework Agreement" means an agreement entered or to be entered into on or around the 21 December 2005 between, *inter* alios, the Existing Banks and the Company providing, inter alia, for the without recourse assignment to the Company of certain existing indebtedness of the Rome Group owed to the Existing Banks.

"GAAP" means:

(a) in relation to the Borrower and ITM, generally accepted accounting principles in Italy; and

(b) in relation to the Company, generally accepted accounting principles in the United Kingdom.

"Group" means the Titan Group or the Rome Group.

"Hedging Policy" means the provisions relating to ITO Hedging Agreements set out in Schedule 10 *(Hedging Policy},* as revised from time to time in accordance with the ITO Fina c Documents and in consultation with the ITO Facility Agent.

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"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"IAS" means the International Accounting Standards, as amended, replaced or supplemented from time to time by the InternationalFinancial Reporting Standards.

· "IFRS" means International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board.

"Intercreditor Deed" means the. intercreditor deed dated as of the date hereof between inter alia the Obligors, the Intercredi.tor Agen . t, the ITO Facility Agent, the ITO Lenders and the ITO Lenders.

"Interest Payment Date" means each 31 January, 30 April, 31 July and 31 October in any year.

"Interest Period" means, in relation to a Loan, each period determined in accordance with clause 9 *(Interest Periods)* and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.3 *(Default interest).*

"Intertractor" means Titan Intertractor GmbH, a joint stock company incorporated and existing under the laws of Germany and having its registered office at Hagener Stn:isse 325, D-58285 Gevelsberg, Germany.

"Intertractor Acknowledgement of Debt" means the agreement acknowledging the debt owed by the Obligors to the ITO Finance Parties to be entered into by the Obligors in form and substance reasonably satisfactory to the Intercreditor Agent.

"Intertractor Share Pledge" means a pledge agreement granting a pledge over 100% of the share capital of Intertractor for the benefit of the Secured Parties to be entered into by the shareholders in Intertractor in form and substance reasonably satisfactory to the Intercreditor Agent.

"Intertractor 2011 Share Pledge" means a pledge agreement granting a pledge over 100% of the share capital of Intertractor for the benefit of the Secured Parties to be entered into by the shareholders in Intertractor pursuant to the Amendment and Restatement Agreement No.2 in form and substance reasonably satisfactory to the Intercreditor Agent and substantially the same form as the Intertractor Share Pledge.

"Intertractor USA" means Intertractor America Co., a company incorporated and existing under the laws of the state Wisconsin and having its registered office at 960 Proctor Drive, 53121 Elkhorn (WI), United States of America.

"Intertractor USA Share Pledge" means a pledge agreement granting a first priority pledge over 100% of the shares of Italtractor USA in favour of the Secured Parties to be entered into by

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the shareholders in Intertractor USA in accordance with clause 21.9.2 in form and substance reasonably satisfactory to the Intercreditor Agent.

"Italian Resident Lender" means an institution which, at any time:

(a) is authorised or licensed to carry out banking activities within the territory of Italy pursuant to Legislative Decree No. 385 dated 1 September 1993; or

(b) is a financial institution pursuant to Article 107 of Legislative Decree No. 385 dated 1 September 1993; or

(c) is a branch office iri Italy of an institution which is authorised or licensed in a country which is a member state of the European Union to carry out banking activities; and

(d) in each case is deemed to be tax resident in Italy pursuant to applicable Italian tax laws.

"Italian Security Documents" has the meaning given to it in the Intercreditor Deed.

"Italtractor Brazil" means Italtractor Landroni Ltda, a company incorporated and existing under the laws of Brazil and having its registered office at Rodovia Edgard Maximo Zambotto, km 79, Atibaia (SP), Brazil.

"Italy" means the Italian Republic.

"ITM" means Italtractor I.T.M. S.p.A., a joint stock company *(societa per aziom)* incorporated and existing under the laws of Italy and having its registered office at Zona Industriale Loc. Betlemme, 85100 Potenza, Italy.

"ITM Facility" has the meaning given to it in recital (D).

"ITM Facility Agent" means Intesa Sanpaolo S.p.A. in its capacity as agent under the ITM Facility Agreement.

"ITM Facility Agreement" means a facility agreement date as of the date hereof in relation to the ITM Facility and made, inter alios, between ITM as borrower, the Company and ITM as guarantors and the ITM Lenders.

"ITM Lenders" means the financial institutions named as original lenders in the ITM Facility Agreement.

"ITM Share Pledge" means a pledge agreement granting a pledge over 100% of the shares in ITM in favour of the Secured Parties to be entered into by the shareholders in ITM in form and substance reasonably satisfactory to the Intercreditor Agent.

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"ITO" means Itaftractor Operations S.p.A., a joint stock company *(societa per aziom)* incorporated and existing under the laws of Italy and having its registered office at Via per Modena 152, 41014 Castelvetro di Modena, Italy.

"ITO Finance Document" means: (a) this Agreement;
(b) any Fee Letter;
(c) the ITO Facility Agreement;
(d) the Intercreditor Deed;
(e) any ITO Hedging Agreement;
(f) any Security Document;
(g) the Amendment and Restatement Agreement No.1;
(h) the Amendment and Restatement AgreementNo.2; and
(i) any other document designated as such by the Intercreditor Agent and the Borrower.

"ITO Finance Parties" means the Intercreditor Agent, ITd Facility Agent,. the Arranger, an ITO Lender or an ITO Hedging Bank.

"ITO Hedging Agreement" means any agreement or instrument relating to the protection against or benefit from any rate or price (including a swap, option, cap, collar, forward or floor) and any other derivative or risk hedging agreement or instrument entered into in connection with the Facility and in accordance with the Hedging Policy.

"ITO Hedging Banks" means a person that has entered into an ITO Hedging Agreement with the Borrower ·and who, at the date of entering into the ITO Hedging Agreement, satisfies the requirements of paragraph 2.2 of Schedule 10 *(Hedging Policy).*

"ITO Lender" means:

(a) any Original ITO Lender; and
(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with clause 23 *(Changes to the ITO Lenders),*

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

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"ITO Share Pledge" means a pledge agreement granting a pledge over 100% of the share capital of ITO for the benefit of the Secured Parties in form and substance reasonably satisfactory to the Intercreditor Agent.

"loan" means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan and includes the Loan A and the Loan B.

"loan A" means a loan in a principal amount of €21,000,000 owed to the Lenders in the proportions set out in Part 2 of Schedule 1 *(The Original Parties)* as at the date of the Amendment and Restatement Agreement No.2.

"loan B" means a loan in a principal amount of €6,000,000 owed to the Lenders in· the proportions set out in Part 2 of Schedule 1 *(The Original Parties)* as at the date of the Amendment and Restatement Agreement No.2.

"Majority ITO lenders" means:

(a) if there are no Loans then outstanding, an ITO Lender or ITO Lenders whose Commitments aggregate more than 66 2/3 % of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66%% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, an ITO Lender or ITO Lenders whose participations in. the Loans then outstanding aggregate more than 66 2/3 % of all the Loans then outstanding.

"Majority Senior lenders" has the meaning given to it in the Jntercreditor Deed. "Margin" means 3.50 per cent. per annum provided that if:

(a) no Event of Default has occurred which is continuing; and

(b) the ratio of the aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITO Finance Document) to EBITDA on the most recent Calculation Date *falling* on or after 30 June 201is within a range set out below,

then the Margin for each Loan will be the percentage per annum set out below in the column opposite that range:

Ratio of Net Financial Indebtedness to EBITDA	Margin
Greater than 3.5:1	3.75 per cent. per annum
Less than or equal to 3.5:1 but greater than 3.0:1	3.50 per cent. per annum

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Less than or equal to 3.0:1 but greater than 2.5:1	3.25 per cent. per annum
Less than or equal to 2.5:1 but greater than 2.0:1	2.75 per cent. per annum
Less than or equal to 2.0:1	2.50 per cent. per annum

However:

(A) any increase or decrease in the Margin for a Loan shall take effect on the date which is the first day of the Interest Period following receipt by the ITO Facility Agent of the Compliance Certificate for a period ending on the relevant Calculation Date pursuant to 19.2 *(Compliance Certificate);*

(B) if, following receipt by the ITO Facility Agent of the financial statements to be delivered pursuant to clause 19.1 *(Financial Statements)* and the relevant Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin, then the Margin for .a Loan shall be the percentage per annum determined using the table above and the revised ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITO Finance Document) to EBITDA calculated using the figures in the Compliance Certificate; and

(C) while 1) an Event of Default is continuing or 2) any requirement of clause 20 *(Financial covenants)* is not satisfied, the Margin for any Loan shall be 3.75 per cent. per annum.

"Material Adverse Effect" means an effect or likely effect which is, or would be, material and adverse on:

(a) the business or financial condition of the Titan Group (taken as a whole);

(b) the ability of any Obligor to perform its financial obligations under any ITO Finance Document;

(c) the validity or enforceability of any ITO Finance Document;

(d) the Security created under any Security Document or the ranking of such Security; or

{e) any right or remedy of an ITO Finance Party under an ITO Finance Document.

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"Material Company" means, at any time: (a) an Obligor; or
(b) a wholly-owned member of the Titan Group that directly or indirectly holds shares in an

Obligor; or

(c) a member of the Titan Group which: (i) is an Operating Affiliate; or
(ii) has gross assets, net assets or turnover (excluding intra-group items) which represents at least 10 per cent. of EBITDA, gross assets, net assets or turnover of the Titan Group, calculated on a consolidated basis

Compliance with the conditions set out in paragraph (c)(ii) shall be determined by reference to the most recent Compliance Certificate supplied under this Agreement and the latest audited consolidated financial statements of the Titan Group.

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month;and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"Net Financial Indebtedness" means, at any date of determination, any indebtedness for or in respect of:

(a) moneys borrowed;
(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

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(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (including the Convertible Credits);

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, IAS or IFRS (as applicable), be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above,

less,

cash and cash equivalent investments.

"Net Worth" means at any time and in respect of the Titan Group, the aggregate at such time of:

(a) the amount paid up or credited as paid up on the issued share capital of the Company (excluding any amount in respect of issued share capital that is required to be classified as a financial liability in accordance with the applicable GAAP);

(b) the amount standing to the credit of the share premium account of the Company (excluding any amount in respect of issued share capital that is required to be classified as a financial liability in accordance with the applicable GAAP);

(c) the amount standing to the credit (or less the amount standing to the debit) on the consolidated capital and revenue reserves of the Titan Group;

but after deducting the aggregate of:

(i) any amount in respect of goodwill and other intangible assets of the Titan Group;

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(ii) any amount of the capital reserves of the Titan Group arising from the writing up of the book value of assets;

(iii} any amount of the revenue or other reserves of the Titan Group created by any surplus on the sale of any investment or other asset (not including stock-in-trade} of the Group; and

(iv} any amount attributable to minority interests.

"NewCo" means Titan ITM Holding S.p.A., a joint stock company *.(societe per aziom)* incorporated and existing under the laws of Italy and having its registered office at Crespellano (Bologna}, Via Confortino no. 23/28, Localita Calcara, Italy.

"NewCo Share Pledge" means a pledge agreement granting a shares pledge over 100% of the share capital of NewCo for the benefit of the Secured Parties entered into by the shareholders in NewCo.

"NewCo 2007 Share Pledge" means a pledge agreement over 100% of the increase in share capital of NewCo pursuant to the resolution of Newco dated 19 December 2006 for the benefit of the Secured Parties entered into on 26 January 2007 by the shareholders in NewCo.

"Notes" means the notes issued in respect of the Bond.

"Obligor" means the Company, the Borrower or each ITO Guarantor. "Operating Affiliates" means collectively:
(a) intertractor USA; (b) Italtractor Brazil; (c) Intertractor; and (d) NewCo.

"Option Notice" has the meaning given to it in paragraph (b) of the definition of Acquisition Documents.

"Original FinancialStatements" means:

(a) in relation to the Company, its audited consolidated financial statements of the Titan

Group for the financial year ended 31 December 2004; and

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(b) in relation to the Borrower, its audited financial statements for the financial year ended on 31 December 2004 and the audited consolidated semi annual financial statements of NewCo for the period up to 30 June 2005.

"Participating Member State" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Party" means a party to this Agreement.

"Passin! Group S.r.l." means Passini Group S.r.l., a limited liability company *(societe a responsabilita limitata),* incorporated and existing under the laws of Italy and having its registered office at Via Cesare Costa 19/d,41100 Modena, Italy.

"Permitted Acquisitions" means at any time after the First Repayment Date, acquisition of a company or companies having an enterprise value (in aggregate) not exceeding €10,000,000 or its equivalent in any currency (it being understood that the "enterprise value" of the company shall be the value of its liabilities plus the net worth of such company) or otherwise with the prior written consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld.

"Permitted Disposals" means:

(a) up to and including the First Repayment Date, any sale, lease, transfer or other disposal:

(i) made in the ordinary course of trading of the disposing entity;

(ii) of assets in exchange for other assets comparable or superior as to type, value and quality;

(iii) of the assets identified in the audited financial statements of the Group for the year ended 31 December 2008 as being held for safe and (valued at £4,647,000 in such financial statements);

(iv) of assets from one member of the Group to another member of the Group provided that the acquiring company has not granted Security to any third party;

(v) of obsolete or redundant assets for cash; or

(vi) of receivables under any agreement relating to the provision of Short Term Financial Indebtedness; and

(b) thereafter, any safe, lease, transfer or other disposal:

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(i) under paragraph (a) of this definition; or

{ii) where the higher of the market value or consideration receivable {when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal, other than any permitted under sub-paragraph (i) above) does not exceed €5,000,000 (or its equivalent in another currency or currencies) in any financial year.

"Permitted FinancialIndebtedness" means:

(a) up to and including the First Repayment Date:

(i) Financial Indebtedness incurred under facilities existing as of the date of the Amendment and Restatement Agreement No.1 as listed in Schedule 11 *(Existing Financial Indebtedness)* as the same may from time to time be replaced, renewed or varied provided that the amount that is replaced, renewed or varied does not exceed the amount of the relevant facilities as at the date of the Amendment and Restatement Agreement No.1 and provided further that if, at any time: (i) the aggregate Financial Indebtedness of the Titan Group under the faci!ities referred to in Schedule 11 *(Existing Financial Indebtedness)* is less than (ii) the aggregate maximum amount permitted under this paragraph (a)(i) (as shown in column 3 (headed "Financial Indebtedness") of Part I (Existing Financial Indebtedness) and Part II (Existing Short Term FinancialIndebtedness) of Schedule 11 *(Existing Financial Indebtedness))* (such difference, the Shortfall), the Titan Group may incur Financial Indebtedness not exceeding, in aggregate, the Shortfall under new facilities entered into by any member of the Titan Group, whether or not such new facilities replace, renew or vary facilities in existence at the date of the ITO Facility Agreement. It is understood that such new facilities shall constitute Permitted Financial Indebtedness under this paragraph (a} provided alwo; ys that the aggregate amount of all Financial Indebtedness under the existing facilities listed in Schedule 11 *(Existing Financial Indebtedness}* (as they may, from time to time, be replaced, renewed or varied) and any such additional facilities entered into pursuant to this paragraph (a){i), does not exceed the aggregate maximum amount of Financial Indebtedness permitted under this paragraph (a), as shown in the columns headed "Financial Indebtedness" in Parts I (Existing Financial Indebtedness) and II (Existing Short Term Financial Indebtedness) of Schedule 11 *(Existing Financial Indebtedness)*

(ii} intercompany loans within the Titan Group;

(iii) Currently Planned Financial Indebtedness; and

(iv) Short Term Financial Indebtedness; and

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(v) Financial Indebtedness incurred with the written consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders);and

(b) from the day immediately after the First Repayment Date, to the First Triggering Date:

(i) Financial Indebtedness referred to in paragraph (a) above; and

(ii) any other Financial Indebtedness not exceeding in aggregate €10,000,000 (or its equivalent in any currency); (c) thereafter:

(i) Financial Indebtedness referred to in paragraphs (a) and (b) above (save that the consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders) under sub-paragraph {a)(v) shall not be unreasonably withheld);

(ii) intercompany loans within the Titan Group; and

(iii) any other Financial Indebtedness which does not cause the ratio of Net Financial Indebtedness to EBITDA to exceed the relevant level required under clause 20.1.1(b).

"Permitted Loans" means:

(a) up to an including the First Repayment Date:

(i) intercompany loans within the Titan Group;

(ii) loans made in accordance with normal trade credit;

(iii) loans made in accordance with the Business Plan in respect of investments in India and China;

(iv) short-term loans to employees not exceeding £5,000 or its equivalent in any other currency;

(v) loans made with the written consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders); and

(b) thereafter:

(i) loans permitted under paragraph (a) above (save that the consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders) under s - paragraph (a)(vi) shall not be unreasonably withheld);

(ii) intercompany loans wi 1n the Titan Group;

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(iii) loans to third parties, provided that such loans to third parties shall not exceed in aggregate €5,000,000 (or any equivalent in any currency).

"Permitted Security Interest" means:

(a) up to and including the First Repayment Date:

(i) any netting or set-off arrangement entered into by any member of the Titan Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(ii) any lien arising by operation of law and in the ordinary course of trading;

(iii) any Security entered into pursuant to any Security Document; or

(iv) any Security over or affecting any asset of Titan Steel if such Security is required by Lloyds TSB Bank pic or its Affiliates to secure indebtedness the principal amount of which does not exceed £15,000,000 (or its .equivalent in another currency or currencies) provided that, prior to the .creation of the Security, Titan Steel shall provide the other ITO Lenders (through the ITO Facility Agent) with details of the nature, type and extent of the Security and the progress of negotiations in relation .to such Security;

(v) any Security held by Intesa Sanpaolo S.p.A. in respect of the facilities provided to Intertractor USA as at the date of the Amendment and Restated Agreement; or

(vi) any Security created under further insurance obligations of the relevant member of the Titan Group owed to the ITO Finance Parties in relation to the Security Documents or to Intesa Sanpaolo S.p.A. in relation to the facilities referred to in sub-paragraph (a)(v) above; and

(b) thereafter:

(i) any Security permitted under paragraph (a) above;

(ii) any Security over or affecting any asset acquired by a member of the Titan Group after the First Repayment Date if:

(A) the Security was not created in contemplation of the acquisition of that asset by a member of the Titan Group;

(B) the principal amount secured has not been increased in contemplation or since the acquisition of that asset by a member of the Titan Group; an

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(C) the Security is removed or discharged within 6 Months of the date of acquisition of such asset; or

(iii) any Security over or affecting any asset of any company which becomes a member of the Titan Group after the First Repayment Date, where the Security is created prior to the date on which that company becomes a member of the Titan Group, if:

(A) the Security was not created in contemplation of the acquisition of that company;

(B) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(C) the Security is removed or discharged within 6 Months of that company becoming a member of the Titan Group;

(iv) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by any member of the Titan Group other than any permitted under paragraphs (b)(i) to (b) (iii) above) does not exceed €15,000,000 (or its equivalent in another currency or currencies).

"Placing" has the meaning given to it in recital (B).

"Qualifying Lender" means a bank or other financial institution:

(a) which is an Italian Resident Lender lending through a Facility Office located in Italy; or

(b) has the benefit of a complete exemption from Italian withholding tax pursuant to an applicable tax treaty.

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two TARGET Days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the Quotation Day will be determined by the ITO Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"Reference Banks" means the principal office in Milan of lntesa Sanpaolo S.p.A., Unicredit S.p.A. and San Paolo IMI S.p.A. or such other banks as may be appointed by the ITO Facil" Agent in consultation with the Borrower.

"Relevant Interbank Market" means the European interbank market

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"Relevant Period" means each rolling period of twelve months ending on a Financial Quarter

Day.

"Repayment Date" means each date specified in the first column of Schedule 9 *(Repayment*

Schedule).

"Repayment Instalmerit" means each instalment for the repayment of the Loan A.

"Repeating Representations" means each of the representations repeated or deemed to be repeated under clause 18.21 *(Time for making the representations).*

"Revised Business Plan" has the meaning·given to it in clause 19.4.6.

"Rome Group" means NewCo and its Subsidiaries as at the date of completion of the Acquisition.

"Screen Rate" means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Telerate screen. If the agreed page is replaced or service ceases to be available, the ITO Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the ITO Lenders.

"Secured Parties" has the meaning given to it in the Intercreditor Deed.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Documents" means:

(a) the Intertractor USA Shares Pledge (when entered into);
(b) the NewCo Share Pledge;
(c) the Newco 2007 Share Pledge;
{d) the Intertractor Acknowledgement of Debt;
(e) the Intertractor Share Pledge;
(f) the Intertractor 2011 Share Plege;
(g) the ITM Share Pledge;
(h) the ITO Share Pledge; and
(i) any other document designated as such by the Intercreditor Agent acting reasonably.

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"Security Provider" means a person that is from time to time party to one or more Security Documents pursuant to which it grants any Security in favour of the Secured Parties otherwise for the benefit of the Secured Parties.

"Short Term Financial Indebtedness" means any unsecured Financial Indebtedness having a term not exceeding 12 months for or in respect of receivables sold or discounted or under any overdraft or other form of short term working capital finance in an aggregate amount not

exceeding at any one time the aggregate maximum amount of facilities for similar short term Financial Indebtedness existing as at 17 April 2009 as shown in Schedule 11 *(Existing Financial Indebtedness).*

"Specified Time" means a time determined in accordance with Schedule 8 *(Timetables).*

"Structure Memorandum" means a structure paper describing the Titan Group pre and post completion of the Acquisition.

"Subsidiary" means in respect of any person, any entity which is controlled directly or indirectly by that person or of whose dividends or distributions that person is entitled to receive more than 50 per cent. and any entity (whether or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time, and control for this purpose means the direct or indirect ownership of the majority of the voting share capital of such entity or the right or ability to direct management to comply with the type of material restrictions and obligations contemplated in this Agreement or to determine the composition of a majority of the board of directors (or like board) of such entity, in each case whether by virtue of ownership of share capital, contract or otherwise (and so that at the date of completion of the Acquisition the Subsidiaries of the Company shall include the Rome Group).

"Summary Document" means a document substantially in the form of Schedule 5 *(Summary Document)* to be duly signed and delivered by the Borrower on the date of this Agreement.

"TARGET" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

"TARGET Day" means any day on which TARGET is open for the settlement of payments in euro.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

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"Termination Date" means 31 October 2015.

"Titan Group" means the Company and its Subsidiaries for the time being (and shall (or shall be deemed to) include any member of the Rome Group).

"Total Commitments" means the aggregate of the Commitments being €40,000,000 at the date of this Agreement.

"Titan Steel" means Titan Steel Wheels Limited, a company incorporated under the laws of England and Wales and having its registered office at Bridge Road, Coakley, Near Kidderminster, Worcestershire DY10 3SD.

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 4 *(Form of Transfer Certificate).*

"Transfer Date" means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

{b) the date on which the ITO Facility Agent executes the Transfer Certificate.

"Unpaid Sum" means any sum due and payable but unpaid by an Obligor under the ITO Finance Documents.

"Utilisation" means a utilisation of the Facility.

"Utilisation Date" means the date of a Utilisation, being the date on which the relevant Loan is to be made.

"Utilisation Request" means a notice substantially in the form set out in Schedule 3

(Requests).

"VAT" means *value* added tax and any other tax of a similar nature. "£"means the lawful currency of the United Kingdom.

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in this Agreement to:

(a) the "Arranger", the "Intercreditor Agent", the" ITO Facility Agent", any "ITO Finance Parties", any "ITO Lender", any "Obligor" or any "Material Company", the "Intercreditor Agent", any "Secured Party" or any "Party" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

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(b) "assets" includes present and future properties, revenues and rights of every description;

(c) references to "certified copy" means that the copy should (a) in relation to a document to which a person incorporated outside of the United Kingdom is a party, be certified as a true copy in accordance with normal practice in the relevant jurisdiction by a public notary, or one or two directors or other authorised representative of the party providing those documents or, (b) in relation to a document to which a person incorporated in the United Kingdom is a party, be certified as a true copy by a director or other authorised signatory of that person or by any of the lawyers to that person;

(d) a "ITO Finance Document" or any other agreement or instrument is a reference to that ITO Finance Document or "Acquisition Document" or other agreement or instrument as amended or novated;

(e) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(f) a "person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(g) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(h) "including" shall be construed as meaning "including without limitations";
(i) .an "obligation" means any duty, obligation or liability of any kind;
0) a "right" means any right, privilege, power, immunity or other interest or remedy of any kind;

(k) a reference to "extraordinary administration" in respect of a person or assets which are subject to the laws of Italy is a reference to extraordinary administration *(amministrazione straordinaria)* under Italian law;

(l) a reference to "insolvency proceedings" or "insolvency procedure" in respect of any person incorporated in Italy is a reference to any insolvency proceeding *(procedura concorsuale)* under the Bankruptcy Law;

(m) a provision of law is a reference to that provision as amended or re-enacted;

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(n) unless otherwise specified a time of day is a reference to Brussels time;

(o) the "equivalent" of an amount specified in a particular currency (the "specified currency amount" shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11 a.m. on the date the calculation falls to be made for spot delivery, as conclusively determined by the ITO Facility Agent; and

{p) words importing the plural include the singular and vice versa.

1.2.2 Section, clause and schedule headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other ITO Finance Document or in any notice given under or in connection with any ITO Finance Document has the same meaning in that ITO Finance Document or notice as in this Agreement.

1.2.4 A Default is "continuing" if it has not been remedied or waived.

1.3 Italian terms

In this Agreement, a reference to:

(a) a "liquidator" includes a *curatore;*

(b) a "winding-up, administration or dissolution" (and each of those terms) includes a person being declared bankrupt *(fallimento);*

(c) a "step or procedure" taken in connection with insolvency proceedings for any person includes it formally making a proposal to assign its assets pursuant to Article 1977 of the Italian Civil Code (*cessione dei beni ai crediton)* or filing a petition for a *concordato preventivo* or entering into a similar arrangement for the majority of its creditors;

(d) the "Italian Civil Code" means the Italian Civil Code approved by the Royal Decree of

16th March, 1942, no. 267 as amended and supplemented from time to time;

(e) the "Bankruptcy Law" means the Italian bankruptcy law set out in Royal Decree No

267 of 16th March 1942 of Italy as amended and supplemented from. time to time; and

(f) for the purposes of the definition of "Facility Period" and the other relevant provisions of the ITO Finance Documents, an amount is "irrevocably" paid or discharged on the date on which payment of the relevant amount is not capable of being revoked pursuant to the Bankruptcy Law or upon such earlier date as may be agreed by the Majority ITO Lenders acting reasonably following a financial analysis of the Borrower, having obtained the advice of their legal counsel and having regard to the financial condition of

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the Borrower and any other circumstance which could trigger the revocation or discharge of such payment.

1.4 Third party rights

1.4.1 Unless expressly provided to the contrary in an ITO Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.4.2 Notwithstanding any terms of any ITO Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

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SECTION 2

THE FACILITY

2 The Facility

2.1 The Facility

2.1.1 Subject to the terms of this Agreement, the ITO Lenders make available to the Borrower a euro term loan facility in an aggregate amount equal to the Total Commitments.

2.2 ITO Finance Parties' rights and obligations

2.2.1 The obligations of each ITO Finance Party under the ITO Finance Documents are several. Failure by an ITO Finance Party to perform its obligations under the ITO Finance Documents does not affect the obligations of any other Party under the ITO Finance Documents. No ITO Finance Party is responsible for the obligati9ns of any other ITO Finance Party under the ITO Finance Documents.

2.2.2 The rights of each ITO Finance Party under or in connection with the ITO Finance Documents are separate and independent rights and any debt arising under the ITO Finance Documents to an ITO Finance Party from an Obligor shall be a separate and independent debt.

2.2.3 An ITO Finance Party may, except as otherwise stated in the ITO Finance Documents, separately enforce its rights under the ITO Finance Documents.

3 Purpose

3.1 Purpose

The Borrower shall utilise all amounts borrowed by it under the Facility to (i) repay its existing intercompany indebtedness; (ii) finance its short term working capital requirements; and (iii) grant intercompany loans.

3.2 Monitoring

No ITO Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 Conditions of Utilisation

4.1 Initial conditions precedent

4.1.1 No Utilisation Request may be delivered unless the ITO Facility Agent has received all of the documents and other· evidence listed in Schedule 2 *(Conditions precedent)* in form and substance reasonably satisfactory to the ITO Facility Agent.

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4.1.2 The ITO Facility Agent shall notify the Company and the ITO Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The ITO Lenders will only be obliged to comply with clause 5.4 *(ITO Lenders' participation)* if on the date of the Utilisation Request and on the proposed Utilisation Date:

4.2.1 no Default is continuing or would result from the proposed Loan;

4.2.2 the Repeating Representations to be made by each Obligor are true in all material respects.

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SECTION 3

UTILISATION

5 Utilisation

5.1 Delivery of a Utilisation Request

The Facility may be utilised by delivery to the ITO Facility Agent of a duly completed Utilisation Request not later than the Speqified Time.

5.2 Completion of a Utilisation Request

5.2.1 Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) it includes the information as to the principal amount (or its equivalent in euro) of the Existing Secured Facilities outstanding as at the date of such Utilisation Request;

(b) the proposed Utilisation Date is a Business Day within the Availability Period;

(c) the currency and amount of the Utilisation comply with clause 5.3 *(Currency and amount);*

·(d) the proposed Interest Period complies with clause 9 *(Interest periods);*

5.2.2 Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount and evidence.

5.3.1 The currency specified in a Utilisation Request must be euro.

5.3.2 Subject to clause 5.3.3, multiple Utilisations are permitted in respect of the Facility.

5.3.3 The amount of any proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of €5,000,000 or, if less, the relevant Available Facility.

5.4 ITO Lenders' participation

5.4.1 If the conditions set out in this Agreement have been met, each ITO Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

5.4.2 The amount of each ITO Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

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5.4.3 The ITO Facility Agent shall notify each ITO Lender of the amount of each Loan and the amount of its participation in that Loan, in each case by the Specified Time.

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SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 Repayment

6.1 Repayment of the Loans

6.1.1 ITO shan repay the Loan A in 16 Repayment Instalments on each Repayment Date provided that ITO shall repay the Loan A in full on the Termination Date.

6.1.2 Each Repayment Instalment to be repaid in accordance with clause 6.1.1 shall be in an amount which reduces the Loan A by the amount set out opposite that Repayment Date in Schedule 9 *(Repayment Schedule).*

6.1.3 ITO shall (subject to clause 6.2 (Extension Option) below) repay the Loan B in full on the Termination Date.

6.1.4 Any part of the Facility which is repaid may not be re-borrowed.

6.2 Extension Option

6.2.1 ITO may request that the maturity date for all or any part of the Loan B outstanding as at the Termination Date, be automatically extended by one (1) year (so that ITO shall repay such amounts in full on 31 October 2016) on the terms of this Agreement, by notice to the ITO Facility Agent no laler than 11.00 a.m (Milan time) not less than ten (10) Business Days prior to the Termination Date.

6.2.2 If ITO does not exercise the Extension Option the outstanding Loan B shall be repaid in full on the Termination Date.

6.2.3 For the avoidance of doubt, the Extension Option may be exercised by ITO once only.

6.2.4 If the conditions set out in clause 6.2.5 below have been met, then the maturity date of each of the ITO Lenders' participations in the Loan B (or any part thereof) subject of the Extension Option shall be automatically extended pro rata to 31 October 2016 on the terms of this Agreement.

6.2.5 The ITO Lenders will only be obliged to comply with clause 6.2.4 above if the Borrower has notified the ITO Facility Agent in accordance with clause 6.2.1, the ITO Facility Agent has received the extension fee due from the Borrower pursuant to clause 11.4 *(Extension Fee)* and on the date of such notice and on the Termination Date:

(a} no Default is continuing or would result from the proposed extension of maturity; and

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(b) the Repeating Representations to be made by each Obligor are true in all material respects.

7 Prepayment and cancellation

7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for an ITO Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

7.1.1 . that ITO Lender shall promptly notify the ITO Facility Agent upon becoming aware of that event;

7.1.2 upon the ITO Facility Agent notifying the Borrower, the Commitment of that ITO Lender will be immediately cancelled; and

7.1.3 the Borrower shall repay that ITO Lender's participation in the Loans made to that Borrower on the last day of the Interest Period for each Loan occurring after the ITO Facility Agent has notified the Borrower or, if earlier, the date specified by the ITO Lender in the notice delivered to the ITO Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Voluntary cancellation

The Borrower may, if it gives the ITO Facility Agent not less than 5 Business Days' (or such shorter period as the Majority ITO Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of €5,000,000) of any Available Facility. Any cancellation under this clause 7.2 *(Voluntary Cancellation)* shall reduce the Commitments of the ITO Lenders rateably.

7.3 Voluntary prepayment

7.3.1 Subject to the other provisions of this clause 7 *(Prepayment and cancellation)* the Borrower may, if it gives the ITO Facility Agent not less than 5 Business Days' (or such shorter period as the Majority ITO Lenders may agree) prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of that Loan by a minimum amount of €2,000,000).

7.3.2 The Loan A may only be prepaid if:

(a) the whole of the Loan B and the whole of the Term Loan B (as defined in the ITM Facility Agreement) under the ITM Facility have been prepaid or will be prepaid at the same time;

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{b) such Loan A and the Term Loan A (as defined in the ITM Facility Agreement) under the ITM Facility are prepaid at the same time in amounts which reduce each such loan by the same proportion.

7.3.3 Any prepayment of the Loan A under this clause 7.3 *(Voluntary prepayment)* shall satisfy the obligations under clause 6.1 *(Repayment of Loans},* in inverse order.

7.4 Right of repayment and cancellation in relation to a single ITO lender

7.4.1 If:

{a) any sum payable to any ITO Lender by an· Obligor is required to be increased under clause 12.2.3 *(Tax gross-up);* or

{b) any ITO Lender claims indemnification from the relevant Borrower under clause 12.3 *(Tax indemnity)* or clause 13.1 *(Increased costs),*

the Borrower may, whilst the circumstance giving rise to the requirement or indemnification continues, give the ITO Facility Agent notice of cancellation of the Commitment of that ITO Lender and ·its intention to procure the repayment of that ITO Lender's participation in the Loans.

7.4.2 On receipt of a notice referred to in clause 7.4.1 above, the Commitment of that ITO Lender shall immediately be reduced to zero;

7.4.3 On the last day of each Interest Period which ends after the Borrower has given notice under clause 7.4.1 above (or, if earlier, the date specified by the relevant Borrower in that notice), the Borrower shall repay that ITO Lender's participation in that Loan.

7.5 Mandatory Prepayment - Excess Cashflow

7.5.1 If for any financial year of the Titan Group ending on any Calculation Date falling on or after 31 December 2012 until the end of the Facility Period, the Debt Service Cover Ratio is greater than 1.4:1, the Company shall procure that an amount equal to the Excess Cashflow shall be applied in prepayment of any outstanding Loans and any loans outstanding under the ITM Facility.

7.5.2 Any prepayment under this clause 7.5 *(Excess Cashflow)* shall be made within 20 Business Days of delivery to the ITO Facility Agent of the audited consolidated financial statements of the Titan Group under clause 19.1 *(Financial statements)* and shall be applied in the following order or priority:

(a) first, in prepayment of the Loan B and the Term Loan B {as defined in the ITM Facility Agreement) in amounts which reduce each such loan by the same proportion; and

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(b) secondly, in prepayment of the Loan A and the Term Loan A (as defined in the ITM Facility Agreement) in amounts which reduce each such loan by the same proportion (and in satisfaction of the repayment obligations in respect of each such loan in inverse order of maturity).

7.6 Restrictions

7.6.1 Any notice of cancellation or prepayment given by any Party under this clause 7 *(Prepayment and cancellation)* shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made. and the amount of that cancellation or prepayment.·

7.6.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs and the provisions of clause 7.6.3, without premium or penalty.

7.6.3 Any prepayment made or to be made on or before 31 January 2008 shall be made together with a prepayment fee of 0.50% on the amount prepaid.

7.6.4 Without prejudice to the obligations to pay Break Costs pursuant to clause 10.4 *(Break* Costs) (if appropriate), no prepayment fee shall be payable by the Borrower in respect of a prepayment made in connection with the restructuring of the Titan Group which involves that Loan (or an equivalent new facility) being assumed or made available to another member of the Titan Group provided that the Majority Senior Lenders (acting reasonably) have provided their written consent to the restructuring.

7.6.5 Any other prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs due in accordance with clause 10.4 *(Break Costs),* with no prepayment fee, premium or penalty.

7.6.6 The Borrower may not re-borrow any part of a Loan which is prepaid.

7.6.7 The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

7.6.8 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

7.6.9 If the ITO Facility Agent receives a notice under this clause 7 (Prepayment and cancellation) it shall promptly forward a copy of that notice to either the Borrower or the affected ITO Lender, as appropriate.

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SECTION 5

COSTS OF UTILISATION

8 Interest

8.1 Calculation of interest

The rate of interest on each Loan for each Interest *Period* is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin; and

8.1.2 EURIBOR.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

8.3 Default interest

8.3.1 If an Obligor fails to pay any amount payable by it under an ITO Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to clause 8.3.2 below, is 1.5 per cent. higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the ITO Facility Agent (acting reasonably). Any interest accruing under this clause 8.3 *(Default interest)* shall be immediately payable by the Obligor on demand by the ITO Facility Agent.

8.3.2 If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(a) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(b) the rate of interest applying·to the Unpaid Sum during that first Interest Period shall be 1.5 per cent. higher than the rate which would have applied if the Unpaid Sum had not become due.

8.3.3 Default interest (if unpaid) arising on an Unpaid Sum will be calculated in accordance with the provisions of article 1283 of the Italian Civil Code but will remain immediately due and payable.

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8.4 Notification of rates of interest

The ITO Facility Agent shall promptly notify the ITO Lenders and the Borrower of the determination of a rate of interest under this Agreement.

8.5 Interest cap

If at the date of this Agreement the interest rate stated to be payable under this Agreement (including default interest) *in* respect of any Facility exceeds the maximum amount permitted for the relevant type of facility under Italian Law 108/1996, as amended, and Law. 24/2001 as amended (collectively the "Italian Usury Law"), then the interest rate payable by the Borrower hereunder shall be capped at the maximum amount permitted under such Italian Usury Law *in* relation to the relevant type of facility *in* each case.

9 Interest Periods

9.1 Duration of Interest Periods

9.1.1 Each Interest Period shall start on the Utilisation Date or (if already made) on the last day of its preceding interest Period.

9.1.2 The duration of each Interest Period for will be three Months provided that:

(a) subjectto sub-paragraph (b) of this clause.9.1.2, the first Interest Period shall end on the next Interest Payment Date;

(b) where a Loan is made less than 30 days before an Interest Payment Date, the first Interest Period shall end on the second Interest Payment Date after the Utilisation Date for that Loan;

(c) each Interest Period other than the first relating to a Loan shall end on the next succeeding Interest Payment Date; and

(d) in respect of the Loan A, no Interest Period shall extend beyond a Repayment Date.

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

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10 Changes to the calculation of interest

10.1 Absence of quotations

Subject to clause 10.2 *(Market disruption),* if EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.2 Market disruption

10.2.1. If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each ITO Lender's share of that Loan for the Interest Period shall be the rate per annum which is the sum of:

{a) the Margin; and

(b) the rate notified to the ITO Facility Agent by that ITO Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that ITO Lender of funding its participation in that Loan from whatever source it may reasonably select.

10.2.2 In this Agreement "Market Disruption Event" means: .

(a) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the ITO Facility Agent to determine EURIBOR for euros for the relevant Interest Period;

or

(b) before close of business in London on the Quotation Day for the relevant Interest Period, the ITO Facility Agent receives notifications from an ITO Lender or ITO Lenders (whose participations in a Loan exceed 30 per cent. of that Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of EURIBOR.

10.3 Alternative basis of interest or funding

10.3.1 If a Market Disruption Event occurs and the ITO Facility Agent or the Borrower so require, the ITO Facility Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

10.3.2 Any alternative basis agreed pursuant to clause 10.3.1 above shall, with the prior consent of all the ITO Lenders and the Borrower, be binding on all Parties.

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10.4 Break Costs

10.4.1 The Borrower shall, within three Business Days of demand by an ITO Finance Party, pay to that ITO Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

10.4.2 Each ITO Lender shall, as soon as reasonably practicable after a demand by the ITO Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

11.1 Commitment fee

11.1.1 The Borrower shall pay to the ITO Facility Agent (for the account of each ITO Lender) a fee computed at the rate of 0.50 per cent. per annum on that ITO Lender's Available Commitment from the date of this Agreement to the end of the Availability Period.

11.1.2 The first payment of the accrued commitment fee is payable on 30 April · 2006, and the subsequent payments shall be made on each subsequent Financial Quarter Day which occurs during the Availability Period and on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant ITO Lender's Commitment at the time the cancellation is effective.

11.2 Other fees

The Company shall pay to the Arranger {for its own account) the other fees in the amounts and at the times agreed in a Fee Letter.

11.3 Agency fee

The Company shall pay to the ITO Facility Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

11.4 Extension fee

If ITO exercises the Extension Option, ITO shall pay to the ITO Facility Agent (for the account of each ITO Lender) an extension fee in an amount equal to 0.30% of the amount of the Loan B which is the subject of the Extension Option, such extension fee to be payable on or before the Termination Date.

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SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 Tax gross up and indemnities

12.1 Definitions

12.1.1 In this Agreement:

"Protected Party" means an ITO Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under an ITO Finance Document to the extent the relevant liabilities or required payments are not due to fraud or gross negligence of the Protected Party.

"Tax Credit" means a credit against, relief or remission for, or repayment of any Tax.

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under an ITO Finance Document.

"Tax Payment" means either the increase in a payment made by an Obligor to an ITO Finance Party under clause 12.2 *(Tax gross-up)* or a payment under clause 12.3 *(Tax indemnity).*

12.1.2 Unless a contrary indication appears, in this clause 12 *(Tax* gross *up and indemnities)* a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross up**

12.2.1 Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 Each Obligor shall promptly upon becoming aware that an Obligor must make a Tax Deduction {or that there is any change in the rate or the basis of a Tax Deduction) notify the ITO Facility Agent accordingly. Similarly, an ITO Lender shall notify the ITO Facility Agent on becoming so aware in respect of a payment payable to that ITO Lender. If the ITO Facility Agent receives such notification from an ITO Lender it shall notify the Company and that Obligor.

12.2.3 If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which {after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

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12.2.4 If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

12.2.5 An Obligor shall not be required to make an increased payment to an ITO Lender under clause 12.2.3 for a Tax Deduction in respect of a Tax from a payment of interest on a Loan if, on the date on which the payment falls due, such payment could have been made to the relevant ITO Lender without a Tax Deduction if it was a Qualifying ITO Lender but, on that date, that ITO Lender is not or has ceased to be a Qualifying ITO Lender other than as a result of any change after the date it became an ITO Lender under this Agreement in, or in the interpretation, administration, or application of any law or treaty, or any published practice or concession of any relevant taxing authority.

12.2.6 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the ITO Facility Agent for the ITO Finance Parties entitled to the payment evidence reasonably satisfactory to that ITO Finance Parties that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

12.3.1 The Borrower shall (within three Business Days of demand by the ITO Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of any Tax by that Protected Party in respect of an ITO Finance Document.

12.3.2 Clause 12.3.1 above shall not apply:

(a) with respect to any Tax assessed on an ITO Finance Party:

(i) under the law of the jurisdiction in which that ITO Finance Party is incorporated or:, if different, the jurisdiction (or jurisdictions) in which that ITO Finance Party is treated as resident for tax purposes; or

(ii) under the law of the jurisdiction in which that ITO Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,·

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that ITO Finance Party; or

(b) to the extent a loss, liability or cost is compensated for by an increased payment under clause 12.2 *(Tax gross-up).*

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12.3.3 A Protected Party making, or intending to make a claim under clause 12.3.1 above shall promptly notify the ITO Facility Agent of the event which will give, or has given, rise to the claim, following which the ITO Facility Agent shall notify the Borrower.

12.3.4 A Protected Party shall, on receiving a payment from an Obligor under this clause 12 *(Tax gross up and indemnities),* notify the ITO Facility Agent.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant ITO Finance Parties determines that:

12.4.1 a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

12.4.2 that ITO Finance Parties has obtained, utilised and retained that Tax Credit, the ITO Finance Parties shall pay an amount to the Obligor which that ITO Finance Parties determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Borrower shall pay and, within three Business Days of demand, indemnify each ITO Finance Party against any cost, loss or liability that ITO Finance Parties incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any ITO Finance Document.

12.6 Value added tax

12.6.1 All amounts set out, or expressed to be payable under an ITO Finance Document by any Party to an ITO Finance Party which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to clause 12.6.3 below, if VAT is chargeable on any supply made by any ITO Finance Parties to any Party under an ITO Finance Document, that Party shall pay to the ITO Finance Parties (in addition to and at the same time as paying the consideration) an amount equal to the amount ofthe VAT (and such ITO Finance Parties shall promptly provide an appropriate VAT invoice to such Party).

12.6.2 If VAT is chargeable on any supply made by any ITO Finance Parties (the "Supplier") to any other ITO Finance Parties (the "Recipient") under an ITO Finance Document, and any Party (the "Relevant Party") is required by the terms of any ITO Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the

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amount of such VAT. The Recipient will promptly pay to the Relevant Party an amount equal to any credit or repayment from the relevant tax authority which it reasonably determines relates to the VAT chargeable on that supply.

12.6.3 Where an ITO Finance Document requires any Party to reimburse an ITO Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the ITO Finance Parties against all VAT incurred by the ITO Finance Parties in respect of the costs or expenses to the extent that the ITO Finance Parties reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

13 Increased costs

13.1 Increased costs

13.1.1 Subject to clause 13.3 *(Exceptions)* the Borrower shall, within three Business Days of a demand by the ITO Facility Agent, pay for the account of an ITO Finance Party the amount of any Increased Costs incurred by that ITO Finance Parties or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

13.1.2 In this Agreement "Increased Costs" means:

(a) a reduction in the rate of return from a Facility or on an ITO Finance Party's (or its Affiliate's) overall capital;

(b) an additional or increased cost; or

(c) a redu.ction of any amount due and payable under any ITO Finance Document,

which is incurred or suffered by an ITO Finance Party or any of its Affiliates to the extent that it is attributable to that ITO Finance Parties having entered into its Commitments or funding or performing its obligations under any ITO Finance Document.

13.2 Increased cost claims

13.2.1 An ITO Finance Party intending to make a claim pursuant to clause 13.1 *(Increased costs)* shall notify the ITO Facility Agent of the event giving rise to the claim, following which the ITO Facility Agent shall promptly notify the Borrower.

13.2.2 Each ITO Finance Parties shall, as soon as practicable after a demand by the ITO Facility Agent, provide a certificate confirming the amount of its Increased Costs.

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13.3 Exceptions

13.3.1 Clause 13.1 *(Increased costs)* does not apply to the extent any Increased Cost is:

(a} attributable to a Tax Deduction required by law to be made by an Obligor;

(b) compensated for by clause 12.3 *(Tax indemnity}* (or would have been compensated for under clause 12.3 *(Tax indemnity)* but was not so compensated solely because any of the exclusions in clause 12.3.2 *(Tax indemnity)* applied); or

(c) attributable to the wilful breach by the relevant ITO Finance Parties or its Affiliates of any law or regulation.

13.3.2 In this clause 13.3 *(Exceptions},* a reference to a "Tax Deduction" has the same meaning given to the term in clause 12.1 *(Definitions).*

14 Other indemnities

14.1 Currency indemnity

14.1.1 If any sum due from an Obligor under the ITO Finance Documents (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

(a) making or filing a claim or proof against that Obligor;

(b) obtaining or enforcing an order, judgment or awaid in ielation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days .of demand, indemnify each ITO Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

14.1.2 Each Obligor waives any right it may have in any jurisdiction to pay any amount under the ITO Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

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14.2 Other indemnities

The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each ITO Finance Party against any cost, loss or liability incurred by that ITO Finance Parties as a result of:

14.2.1 the occurrence of any Event of Default;

14.2.2 a failure by an Obligor to pay any amount due under an ITO Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of clause 27 *(Sharing among the ITO Finance Parties);*

14.2.3 funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that ITO Lender alone); or

14.2.4 a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

14.3 Indemnity to the ITO Facility Agent

The Borrower shall promptly indemnify the ITO Facility Agent against any cost, loss or liability incurred by the ITO Facility Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

15 Mitigation by the ITO lenders

15.1 Mitigation

15.1.1 Each ITO Finance Parties shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 7.1 *(Illegality),* clause 12 *(Tax gross-up and indemnities)* or clause 13 *(Increased costs)* including (but not limited to) transferring its rights and obligations under the ITO Finance Documents to another Affiliate or Facility Office.

15.1.2 Clause 15.1.1 above does not in any way limit the obligations of any Obligor under the ITO Finance Documents.

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15.2 Limitation of liability

15.2.1 The Borrower shall indemnify each ITO Finance Party for all costs and expenses reasonably incurred by that ITO Finance Parties as a result of steps taken by it under clause 15.1 *(Mitigation}.*

15.2.2 An ITO Finance Party is not obliged to take any steps under clause 15.1 *(Mitigation}* if, in the opinion of that ITO Finance Party (acting reasonably), to do so might be prejudicial to it.

16 Costs and expenses

16.1 Transaction expenses

The Borrower shall promptly on demand pay the ITO Facility Agent and the Arranger the amount of all reasonable costs and expenses (including legal fees) incurred by any of them in connection with the negotiation, preparation, printing, execution of {but not costs of syndication after the date of this Agreement):

16.1.1 this Agreement and any other documents referred to in this Agreement; and

16.1.2 any other ITO Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to clause 28.9 *(Change of currency),* the Borrower shall, within three Business Days of demand, reimburse the ITO Facility Agent for the amount of all costs and expenses (including legal fees} incurred by the ITO Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Borrower shall, within three Business Days of demand, pay to each ITO Finance Party the amount of all costs and expenses (including legal fees} incurred by that ITO Finance Parties in connection with the enforcement of, or the preservation of any rights under, any ITO Finance Document.

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SECTION 7
GUARANTEE

17 Guarantee and indemnity

17.1 Guarantee.and indemnity

Each ITO Guarantor irrevocably and unconditionally, jointly and severally:

17.1.1 guarantees to each ITO Finance Party punctual performance by the Borrower of all the Borrower's obligations under the ITO Finance Documents;

17.1.2 undertakes with each ITO Finance Party that whenever the Borrower does not pay any amount when due under or in connection with any ITO Finance Document, that ITO Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

17.1.3 indemnifies each ITO Finance Party immediately on demand against any cost, loss or liability suffered by that ITO Finance Parties ·if my obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that ITO Finance Parties would otherwise have been entitled to recover.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the ITO Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any payment by an Obligor or any discharge given by an ITO Finance Party(whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is
avoided or reduced as a result of insolvency or any similar event:

17.3.1 the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

17.3.2 each ITO Finance Party shall be· entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

17.4 Waiver of defences

The obligations of each ITO Guarantor under this clause 17 *(Guarantee and indemnity)* will not be affected *by* an act, omission,

matter r thing which, but for this clause, would reduce, release

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or prejudice any of its obligations under this clause 17 *(Guarantee and indemnity)* (without limitation and whether or not known to it or any ITO Finance Parties) including:

17.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;

17.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

17.4.3 the taking, variation, compromiseexchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security *over* assets of, any Obligor or other person or any non,..presentation or non-observance of .any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

17.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in !he members or status of an Obligor or any other person;

17.4.5 any amendment (however fundamental) or replacement of an ITO Finance Document or any other document or security;

17.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any ITO Finance Document or any other document or security; or

17.4.7 any insolvency or similar proceedings.

17.5 Immediate recourse

Each ITO Guarantor waives any right it may have of first requiring any ITO Finance Parties (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that ITO Guarantor under this clause 17 *(Guarantee and indemnity)* This waiver applies irrespective of any law or any provision of an ITO Finance Document to the contrary.

17.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the ITO Finance Documents have been irrevocably paid in full, each ITO Finance Party(or any trustee or agent on its behalf) may:

17.6.1 refrain from applying or enforcing any other moneys, security or rights held or received by that ITO Finance Parties (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no ITO Guarantor shall be entitled to the benefit of the same; and

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17.6.2 hold in an interest-bearing suspense account any moneys received from any ITO Guarantor or on account of that ITO Guarantor's liability under this clause 17 *(Guarantee and indemnity).*

17.7 Deferral of ITO Guarantor's rights

Until all amounts which may be or become payable by the Obligors under or in connection with the ITO Finance Documents have been irrevocably paid in full and unless the ITO Facility Agent otherwise directs, no ITO Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the ITO Finance Documents:

17.7.1 to be indemnified by an Obligor;

17.7.2 to claim any contribution from any other ITO Guarantor of any Obligor's obligations under the ITO Finance Documents; and/or

17.7.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the ITO Finance Parties under the ITO Finance Documents or of any security taken pursuant to, or in connection with, the ITO Finance Documents by any ITO Finance Parties.

17.8 Additionalsecurity

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or Security now or subsequently held by any ITO Finance Parties.

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SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18 Representations

Each Obligor makes the representations and warranties set out in this clause 18 (Representations) to each ITO Finance Parties.

18.1 Status

18.1.1 It is a corporation, duly incorporated .and validly existing under the law of its jurisdiction of incorporation.

18.2 Binding obligations

The obligations expressed to be assumed .by it in each ITO Finance Document are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to clause 4 *(Conditions of Utilisation)* and Schedule 2 *(Conditions Precedent),* legal, valid, binding and enforceable obligations.

18.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the ITO Finance Documents do not and will not conflict with:

18.3.1 any Ia/(or regulation applicable to it;

18.3.2 its or any of its Subsidiaries' constitutional documents, except, insofar as this representation applies to the NewCo Share Pledge, the ITO Share Pledge and the ITM Share Pledge, clause 7.2 of the by-laws of ITM, ITO and NewCo in the 60 days following execution of this Agreement; or

18.3.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

18.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the ITO Finance Documents to which it is a party and the transactions contemplated by those ITO Finance Documents.

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18.5 Validity and admissibility in evidence

All Authorisations required or desirable:

18.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the ITO Finance Documents to which it is a party; and

18.5.2 to make the ITO Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

18.6 Governing law and enforcement

18.6.1 The choice of English law as the governing law of the ITO Finance Documents governed by

English law will be recognised and enforced in its jurisdiction of incorporation.

18.6.2 Any judgment obtained in England in relation to an ITO Finance Document governed by English law will be recognised and enforced in its jurisdiction of incorporation.

18.7 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any ITO Finance Document.

18.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the ITO Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the ITO Finance Documents or the transactions contemplated by the ITO Finance Documents except for taxes imposed by Italy and required in connection with the Security Documents as specified in any of the legal opinions to be delivered pursuant to clause 4.1 *(Initial conditions precedent)* or as applicable upon occurrence of a *"caso d'uso"* (case of use) or of *"enunciazione"* (explicit reference), according to articles 6 and 22 of the Presidential Decree n. 131, dated 26 April 1986.

18.9 No default

18.9.1 No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.

18.9.2 No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries) assets are subject w · might have a Material Adverse Effect.

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18.10 No misleading information

18.10.1 All information provided by any member of the Titan Group to the ITO Finance Parties for the purposes of the transaction contemplated in the ITO Finance Documents (collectively "Information") was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

18.10.2 The financial projections contained in the Business Plan and the Revised Business Plan (as applicable) have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

18.10.3 To the best of its knowledge, having made reasonable enquiry nothing has occurred or been omitted from the Information and no information has been given or withheld that results in that Information being untrue or misleading in any material respect.

18.10.4 Any information provided in the Admission Document was to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import at the date such document was published.

18.11 Structure Memorandum

18.11.1 The Structure Memorandum:

(a) shows all members of the Titan Group and contains descriptions which in all material respects are true, complete and correct of the corporate ownership structure of the Titan Group; and

(b) shows all inter company loans between members of the Rome Group as the date of its delivery,

except to the extent stated in a footnote in the Structure Memorandum.

18.12 Existing Debt Chart

As at the date of its delivery, the Existing Debt Chart provides accurate details of all indebtedness owed by the Rome Group to third parties as at the date falling 15 days prior to the date of its delivery and a projection of such indebtedness of the Borrower and ITM as at the
date of delivery (such projection to be prepared on the basis of reasonable assumptions).

18.13 Original Financial statements

18.13.1 Its Original Financial Statements were prepared in accordance with GAAP consistently applied.

18.13.2 Its Original Financial Statements fairly represent its financial condition and operations (consolidated) during the relevant financial year.

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18.13.3 There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Titan Group or Rome Group) since the date on which such Original Financial Statements were drawn up.

18.14 Pari passu ranking

Its payment obligations under the ITO Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

18.15 Representations on the Acquisition Documents

18.15.1 To the best of its knowledge on the date of this Agreement, no representation or warranty (as qualified by any related disclosure letter, Acquisition Document or schedule to an Acquisition Document) given by any party in an Acquisition Document is untrue or misleading in any material respect.

18.15.2 The Acquisition Documents contain all the material terms of the Acquisition.

18.16 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or threatened against it or any of its Subsidiaries.

18.17 Status of Security

Each Security Document confers or following execution will confer (in each case on proper registration or notification thereof, as the case may be) valid, fully perfected first ranking Security over the relevant assets securing all the obligations expressed to be secured by that Security Document and those Security other than any obligation mandatorily preferred by law.

18.18 Immunity

18.18.1 The execution by it of each ITO Finance Document to which it is a party constitutes, and the exercise by it of its rights and performance of its obligations under each ITO Finance Document will constitute, private and commercial acts performed for private and commercial purposes; and

18.18.2 It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its jurisdiction of incorporation in relation to any ITO Finance

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18.19 Insolvency Proceedings

It has not taken any steps and, to its knowledge, no steps have been taken, for its winding up or dissolution, bankruptcy, extraordinary administration or any other insolvency proceedings or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of all or any of its assets.

18.20 Corporate benefit

The entry into and performance of its obligations under each ITO Finance Document to which it is a party is in its commercial interests and to its corporate benefit and the competent corporate bodies have assessed and satisfied themselves as to the existence of such corporate benefit.

18.21 Times for making representations

18.21.1 The representations set out in this clause are made on the date of this Agreement.

18.21.2 Unless a representation is expressed to be given at a specific date and except for those in clauses 18.9.2, 18.10, 18.11, 18.12 and 18.15.1, each representation is deemed to be repeated by each Obligor on the date of each Utilisation Request and on the first day of each Interest.Period.

18.21.3 When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

19 Information undertakings

The undertakings in this clause 19 *(Information undertakings)* remain in force from the date of this Agreement until the end of the Facility Period.

19.1 Financial statements

The Borrower.shall supply to the ITO Facility Agent in sufficient copies for all the ITO Lenders:

19.1.1 as soon as the same become available, but in any event within 180 days after the end of each relevant financial years:

(a) its audited financial statements (consolidated where the financial statements have been prepared on such basis) and its audited balance sheet *(bilancio civilistico)* for that financial year; and

(b) the audited consolidated financial statements of the Company for that financial year;

and

(c) the audited financial statements of ITM for that financial year

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19.1.2 as soon as the same become available, but in any event within 90 days after the end of each half of each relevant financial years:

(a) its financial statements (consolidated where the financial statements have been prepared-on such basis) for that financial half year;

(b) the consolidated financial statements of the Company for that financial year; and

(c) the financial statements of ITM for that financial year.

19.2 Compliance Certificate

19.2.1 The Borrower shall supply to the ITO Facility Agent, with each set of financial statements delivered pursuant to clause 19.1.1 or 19.1.2 *(Financial statements),* a Compliance Certificate setting out (in reasonable detail) computations as to compliance with clause 20 *(Financial covenants)* as at the date as at which those financial statements were drawn up and at any applicable Calculation Date.

19.2.2 Each Compliance Certificate shall be signed by two directors of the Borrower and, if required to be delivered with any audited financial statements delivered pursuant to clause 19.1 *(Financial statements)* accompanied by a report from the auditors of the Company, which report shall be in form and substance reasonably satisfactory to the ITO Facility Agent.

19.3 Requirements as to financial statements

19.3.1 Each set of financial statements to be delivered pursuant to clause 19.1 *(Financial statements)* shall be certified by a director of the relevant company as fairly representing the financial condition of such company as at the date as at which those financialstatements were drawn up.

19.3.2 The Borrower shall procure that each set of financial statements delivered pursuant to clause 19.1 *(Financial statements)* is prepared using the applicable GMP.

19.3.3 The Borrower shall procure that each set of financial statements of each ITO Guarantor delivE)red pursuant to clause 19.1 *(Financial statements)* is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements of that ITO Guarantor unless, in relation to any set of financial statements, it notifies the ITO Facility Agent that there has been a change in GMP, the accounting practices or reference periods and the auditors of the relevant ITO Guarantor deliver to the ITO Facility Agent:

(a) a description of any change necessary for those financial statements to reflect the GMP, accounting practices and reference periods upon which that the Original Financial Statements of the relevant ITO Guarantor were prepared; and

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(b) sufficient information, in form and substance as may be reasonably required by the ITO Facility Agent, to enable the ITO Lenders to determine whether clause 20 *(Financial covenants)* has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements of the relevant ITO Guarantor

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

19.4 «nformation:miscellaneous

Each Obligor shall supply to the ITO Facility Agent (in sufficient copies for all the ITO Lenders, if the ITO Facility Agent so requests):

19.4.1 all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;

19.4.2 promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Titan Group, and which might, if adversely determined, have a Material Adverse Effect;

19.4.3 promptly all material details of any material claim under the Acquisition Documents;

19.4.4 promptly any amendments to the Acquisition Documents made following the execution of this Agreement;

19.4.5 promptly, such further information regarding the financial condition, business and operations of any member of the Titan Group as any ITO Finance Parties (through the ITO Facility Agent) · may reasonably request;

19.4.6 by no later than 30 June 201Q, a revised business plan of the Titan Group (the "Revised Business Plan") for the period from 2009 to 31 December 2014, in the same format as the Business Plan, revised to take in to account all material changes in the financial and economic position of the Titan Group from the date of the Business Plan to the date of preparation of the Revised Business Plan;

19.4.7 promptly upon having determined to acquire any company or merge with or into another company proceed to any disposal of their assets, or to exercise any of the options referred to in clauses 21.6.2 and 21.7.3 below, a notice informing the ITO Facility Agent .of any such intention, together with a detailed memorandum of the proposed transaction and a certificate signed by 2 (two) duly authorised representatives confirming that in their reasonable opinion having made

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due enquiry with appropriate professional advisers, such transaction will not lead to a Material Adverse Effect.

19.5 Notification of default

19.5.1 Each Obligor shall notify the ITO Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

19.5.2 Promptly upon. a request by the ITO Facility Agent in circumstances where the ITO Facility Agent has reasonable grounds for believing that a Default has occurred and is continuing, the Borrower shall supply to the ITO Facility Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.6 "Know your customer" checks

19.6.1 If:

(a) the introduction of or any change in.(or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of an Obligor after the date of this Agreement; or

(c) a proposed assignment or transfer by an ITO Lender of any of its rights and obligations under this Agreement to a party that is not an ITO Lender prior to such assignment or transfer;

obliges the ITO Facility Agent or any ITO Lender (or, in the case of paragraph (c) above, any prospective new ITO Lender) to comply with "know your customer" or similar identification procedures in any jurisdiction in circumstances where the necessary information is not already available to it, each. Obligor shall promptly upon the request of the ITO Facility Agent or any ITO Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the ITO Facility Agent (for itself or on behalf of any ITO Lender) or any ITO Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new ITO Lender) in order for the ITO Facility Agent, such ITO Lender or, in the case of the event described in paragraph (c) above, any prospective new ITO Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the ITO Finance Documents.

19.6.2 Each ITO Lender shall promptly upon the request of the ITO Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the ITO

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Facility Agent (for itself) in order for the ITO Facility Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the ITO Finance Documents.

20 Financial covenants

20.1.1 The Obligors shall ensure that on each Calculation Date from and including 30 June 2011 unti.l the end of the Facility Period the following semi-annual financial covenants are met:

· (a) the ratio of EBITDA of the ·Titan Group to Consolidated Net Interest Payable of the

Titan Group shall not be at any time less than:

(i) 2.95:1 for the Calculation Date falling on 30 June 2011;

(ii) 3.70:1 for the Calculation Date falling on 31 December 2011;

{iii) 4,35:1 for the Calculation Date falling on 30 June 2012; and

(iv) 5.00:1 for each Calculation Date thereafter.

(b) the ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt FinanCial Indebtedness created under any ITO Finance Document) to EBITDA shall not at any time be greater than:

(i) 5.00:1 for the Calculatioh Date falling on 30 June 2011;

(ii) 3.75:1 for the Calculation Date falling on 31 December 2011; (iii) 3.00:1 for the Calculation Date falling on 30 June 2012; and
(iv)2.20:1 for each Calculation Date thereafter.

{c) the ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITO Finance Document) to Net Worth shall not at any time be greater than:

(i) 1.78:1 for the Calculation Date falling on 30 June 2011;
(ii) 1.60:1 for the Calculation Date falling on 31 December 2011; (iii) 1.45:1 for the Calculation Date falling on 30 June 2012; and (iv) 1.10:1 for each Calculation Date thereafter.

20.1.2 The Obligors shall ensure that on each Calculation Date from and including 31 December 2012 until the end of the Facility Period (her than the Calculation Dates falling on 31 December

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2013 and 30 June 2014) the Debt Service Cover Ratio calculated on a rolling 12 month basis shall not be less than 1.10:1.

20.1.3 Subject to clauses 20.1.4 to 20.1.6 the financial covenants set out in this clause 20 shall be calculated on each Calculation Date in accordance with the applicable GAAP and tested by reference to each of the financial statements and/or each Compliance Certificate delivered pursuant to clauses 19.1 and 19.2.

20.1.4 The financial covenants set out this clause 20 shall be calculated in accordance with GAAP applicable to the Company· at the date of 'this Agreement, notwithstanding that GAAP may change after the date of this Agreement.

20.1.5 For the purpose of calculating compliance with the financial covenants for a Calculation Date on 31 December in any year, the rate of exchange for the conversion of any currency used in the preparation of the audited balance sheet of any company shall be the same as that used in the audited profit and loss account, notwithstanding that GAAP may require different exchange rates to be used.

20.1.6 When calculating compliance with the financial covenants for a Calculation Date on 30 June in any year, the rate of exchange for the conversion of any currency used shall be the average of the rates of exchange used in the preparation of the profit and loss account in (i) the audited financial statements for the financial year ending on the preceding 31 December; and (ii) the unaudited financial statements for the 6 months ending on such 30 June, and the same rate of exchange shall be applied to the unaudited balance sheet of any company and the unaudited profit and loss account, notwithstanding that GAAP may require different exchange rates to be used.

21 General undertakings

The undertakings in this clause 21 *(General undertakings)* remain in force from the date of this Agreement until the end of the Facility Period.

21.1 Purpose

Each Obligor must ensure that that each Utilisation under a Facility is used for one of the purposes specified for the Facility in clause 3 {Purpose).

21.2 Authorisations

Each Obligor shall promptly:

21.2.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

21.2.2 supply certified copies to the ITO Facility Agent of,

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any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the ITO Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any ITO Finance Document.

21.3 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the ITO Finance Documents.

21.4 Paripassu ranking

Each Obligor must ensure that its payment obligations under the ITO Finance Documents rank at least pari passu with all its other and future unsecured payment obligations, except for obligations mandatorily preferred by law applying to companies generally.

21.5 Negative pledge

21.5.1 No Obligor shall (and shall ensure that no other member of the Titan Group will) create or permit to subsist any Security over any of its assets.

21.5.2 No Obligor shall (and shall ensure that no other member of the Titan Group will):

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Titan Group;

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms unless entered into in respect of Permitted Financial Indebtedness;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

21.5.3 No Obligor incorporated in Italy shall (and shall ensure that no other member of the Titan Group incorporated in Italy will) segregate assets for the purpose of article 2447-bis of the Italian Civil Code *("Patrimoni Destinati ad uno Specifico Affare'J* nor shall it (and shall ensure that no other member of the Titan Group incorporated in Italy will) issue any class of stock or other financial instruments under article 2447-ter of the Italian Civil Code without the prior written consent of the Intercreditor Agent (acting on the instructions of the Majority Senior Lenders)

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21.5.4 Clauses 21.5.1 and 21.5.2 above do not apply to Permitted Security Interests.

21.6 Disposals

21.6.1 No Obligor shall (and ensure that no other member of the Titan Group will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

21.6.2 Clause 21.6.1 above does not apply to Permitted Disposals.

21.7 Merger and Acquisitions

21.7.1 No Obligor shall (and shall ensure that no other member of the Titan Group will) enter into any amalgamation, demerger, merger or corporate reconstruction without the prior written consent of the Majority Senior lenders.

21.7.2 No Obligor shall (and shall ensure that no other member of the Titan Group will) make an acquisition of a company without the prior consent of the Majority Senior Lenders.

21.7.3 Clause 21.7.2 above shall not apply to Permitted Acquisitions.

21.8 Hedging

The Borr()wer shall comply in all material respects with the terms of the Hedging Policy.

21.9 Security Interests

21.9.1 Each Obligor shall maintain and preserve the Security (and ensure that such Security is maintained and preserved) created by the Security Documents and the priority created by the Security Documents.

21.9.2 Each Obligor shall ensure that the lntertractor USA Share Pledge is executed by not later than 30 Business Days from the date on which the lntercreditor Agent has provided the Borrower with a draft thereof and that a legal opinion of a reputable US firm in relation to the lntertractor USA Share Pledge is delivered to the lntercreditor Agent in a form and substance reasonably satisfactory to the lntercreditor Agent.

21.9.3 If the Revised Business Plan delivered pursuant to clause 19.4.6 shows a deterioration in the financial projections for the Titan Group in respect of the figures shown in the Business Plan, such that the Financial Covenants are projected to be breached or require further amendment, then the Obligors and the lntercreditor Agent shall meet to discuss the execution by Material Companies of such further Security over the assets of a Material Company as may reasonably be required by the Intercreditor Agent, such Security to be in a form and substance satisfactory to the lntercreditor Agent, acting reasonably

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21.10 Syndication

21.10.1 Each Obligor will give the Arranger all the assistance it reasonably requires to facilitate the syndication of the Facility.

21.10.2 Each Obligor will provide such further information as the Arranger may reasonably require for the purpose of syndication of the Facility including (i) promptly providing all reasonably. requested financial and other information in its possession, including information and projections prepared by it or its advisers; and (ii) making its senior officers available to attend a reasonable number of presentations and/or site visits to be granted, to prospective Lenders at reasonable times upon reasonable notice. In complying with this clause 21.10 *(Syndication);* the Obligors shall not be required to provide any information that it has provided previously to the Arranger.

21.11 Change of business

Each Obligor shall procure that no substantial change is made to the general nature of the business of that Obligor or any member of the Titan Group from that carried on at the date of this Agreement.

21.12 Maintenance of Status

Each Obligor will maintain its separate corporate existence and remain in good standing under the laws of its jurisdiction of incorporation.

21.13 Loans and Credit

21.13.1 The Obligors may not (and shall ensure that any member of the Titan Group will not) make any loans, provide any credit or issue any guarantee other than Permitted Loans.

. 21.13.2 Clause 21.13.1 above shall not apply to Permitted Loans.

21.14 Taxes

Each member of the Titan Group must pay all Taxes due and payable by it, unless:

21.14.1 payment of those Taxes is being contested in good faith and adequate reserves are being maintained for those Taxes; or

21.14.2 failure to pay those Taxes is not reasonably likely to have a Material Adverse Effect.

21.15 FinancialIndebtedness

21.15.1 No member of the Titan Group shall incur any Financial Indebtedness nor shall it have any Financial Indebtedness outstanding.

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21.15.2 Clause 21.15.1 does not apply to Permitted Financial Indebtedness.

21.15.3 The Parties agree that:

(a) following the First Triggering Date, the restriction set out in clause 21.15.1 above shall -, **apply to the Rome Group only; and**

(b) for the purposes of calculating whether Financial Indebtedness falls within the levels permitted under clause 21.15.2, Financial Indebtedness incurred in a currency other than Euro will be converted into Euro at

(i) in ttie case of facilities existing at the date of the Amendment and Restatement Agreement No.1, the rate of exchange for such currency used by the Company to prepare its financial statements as at 31 March 2009; and

(ii) in the case of other Financial Indebtedness, at the ITO Facility Agent's spot rate of exchange for such currency on the date on which the facility under which such Financial Indebtedness is incurred is first made available to the relevant member of the Titan Group.

21.16 Distributions

21.16.1 Up to and including 31 December 2013, no Obligor shall (and shall ensure that no member of the Titan Group will) make, pay or permit a Distribution without the prior written consent of the Senior Lenders.

21.16.2 From 1 January 2014 up to and including 31 December 2015 no Obligor shall (and shall ensure that no member of the Titan Group will) make, pay or permit a Distribution if an Event of Default has occurred or is continl)ing or would result from such Distribution.

22 Events of Default

Each of the events or circumstances set out in clause 22 is an Event of Default.

22.1 Non-payment

22.1.1 An Obligor does not pay on the due date any amount payable pursuant to an ITO Finance Document at the place at and in the currency in which it is expressed to be payable :

22.1.2 No Event of Default will occur under clause 22.1.1 above:

(a) if its failure to pay is caused by:

(i) administrative or technical error, or

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(ii) a Disruption Event; and

payment is made within 3 Business Days of its due date, or

(b) in relation to a failure to repay a Loan or to pay interest in respect thereof (the Unpaid Amount), if within 6 months of the date on which such Unpaid Amount fell due and was not paid, the Company has procured thatn investment (including, for the avoidance of doubt, any third party investment) is received by it, in the form of (i) an increase in the equity share capitalof the Company, (ii) the issue of preference shares in the Company, or (iii) subordinated loan(s) to the Company (payments in respect of which are to be subordinated to the repayment of the Loans and any interest in respect thereof on terms approved by the ITO Facility Agent {acting reasonably)), and the proceeds of such investment are applied in payment of the Unpaid Amount.

22.2 Financial covenants

22.2.1 Any requirement of clause 20 *(Financial covenants)* is not satisfied for two consecutive Calculation Dates.

22.2.2 No Event of Default will occur under clause 22.2.1 above if, within 6 months of the earlier of:

(a) an Obligor notifying the ITO Facility Agent of such event or circumstance pursuant to clause 19.5 *(Notification of default),* and

(b) the date of delivery of the Compliance Certificate in respect of the Calculation Date on which an Event of Default would have occurred pursuant to clause 22.2.1 but for the operation of this clause,

the Company has procured that an investment (including, for the avoidance of doubt, any third party investment) is received by it, in the form of (i) an increase in the equity share capital of the Company, (ii) the issue of preference shares in the Company or (iii) subordinated loan(s) to the Company (payments in respect of which are to be subordinated to the repayment of the Loans and any interest in respect thereof on terms approved by the ITO Facility Agent (acting reasonably)) at a level which is adequate to remedy the relevant breach(es) of the Financial Covenants. The amount of such investment shall be deemed to be added to "EBITDA" and/or "Net Worth" (as applicable) on the Calculation Date on which an Event of Default would have occurred pursuant to clause 22.2.1 but for the operation of this clause (the Relevant Calculation Date). The relevant breach(es) of the Financial Covenants shall be remedied if, after inclusion of the amount of the investment in "EBITDA" and or/ "Net Worth" (as applicable) pursuant to this clause 22.2.2, the Borrower would have complied with the requirements of clause 20 *(Financial Covenants)* on the Relevant Calculation Date.

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22.3 Other obligations

22.3.1 An Obligor does not comply with any provision of the ITO Finance Documents (other than those referred to in clause 22.1 *(Non-payment)* and clause 22.2 *(Financial covenants)).*

22.3.2 No Event of Default under clause 22.3.1 above will occur if the failure to comply is in the reasonable opinion of the ITO Facility Agent capable of remedy and is remedied within 30 Business Days of the ITO Facility Agent giving notice to the Borrower or the Borrower becoming aware of the failure to comply

. 22.4 Compulsory acquisition and destruction

22.4.1 All or a material part of the assets of the Titan Group are seized, expropriated, nationalised, acquired, confiscated, requisitioned or administered (whether compulsorily or not).

22.4.2 All or a material part of the assets of the Titan Group are destroyed or damaged by any event of force majeure or otherwise and such destruction or damage is likely to have a Material Adverse Effect.

22.5 Litigation and court orders

Any claim, litigation, arbitration or administrative proceeding is taking place or threatened against any member of the Titan Group which, if adversely determined, is reasonably likely to have a Material Adverse Effect.

22.6 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the ITO Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any ITO Finance Document is or proves to have been incorrect or misleading in any materialrespect when made or deemed to be made.

22.7 Cross default

22.7.1 Any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is not paid when due nor within any originally applicable grace period.

22.7.2 Any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

22.7.3 Any commitment for any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is cancelled or suspended by a creditor of any member of either Group as a result of an event of default {however described).

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22.7.4 Any creditor of any member of the Titan Group becomes entitled to declare any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) due and payable prior to its specified maturity as a result of an event of default (however described).

22.7.5 No Event of Default will occur under this clause 22.7 *(Cross default)* if the aggregate amount of Financial Indebtedness or original commitment for Financial Indebtedness falling within clauses 22.7.1 to 22.7.4 above is less than €10,000,000 (or its equivalent in any other currency or . currencies).

22.8 Insolvency

22.8.1 Any Obligor or any Material Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

22.8.2 Any member of the Titan Group not already referred to in clause 22.8.1, is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness and such occurrence has a Material Adverse Effect.

22.8.3 The value of the assets of any Obligor or any Material Company (or where such event would havea Material Adverse Effect, any other member of the Titan Group) is less than its liabilities (taking into account contingent and prospective liabilities).

22.8.4 A moratorium is declared in respect of any indebtedness of any Obligor or any Material Company or, where such event would have a Material Adverse Effect, any other member of the Titan Group.

22.9 Insolvency proceedings

Any corporate action, legal proceedings or other insolvency procedure or step is taken in relation to:

22.9.1 the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or any Material Company (or, where such event would have a Material Adverse Effect, any other member of the Titan Group) other than a solvent liquidation or reorganisation of any member of the Titan Group which is not an Obligor;

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22.9.2 a composition, compromise, assignment or arrangement with any creditor of any Obligor or any Material Company or, where such event would have a Material Adverse Effect, any other member of the Titan Group;

22.9.3 the appointment of a liquidator (other than in respect of a solvent liquidation of a Material Company which is not an Obligor), receiver, administrative receiver, administrator, compulsory. manager or other similar officer in respect of any Obligor or any Material Company (or, where such event would have a Material Adverse Effect, any other member of the Titan Group) or any of their assets; or

22.9.4 enforcement of any Security over any assets of any member of the Titan Group"; or

22.9.5 any analogous procedure or step is taken in any jurisdiction.

22.10 Article 2447 or 2482-ter of the Italian Civil Code

The occurrence of the circumstances set forth in Article 2447, or 2482-ter, as .applicable, of the Italian Civil Code in relation to a Material Company incorporated in Italy unless, no later than 30 days from the date on which such Titan Group member's directors have knowledge of such occurrence, a shareholders' meeting is convened to vote on a resolution approving a capital increase to comply with the minimum capital requirements under Italian law (and such capital increase has been fully paid up in the next following 30 days).

22.11 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group having an aggregate value of €15,000,000 and is not discharged within 45 days.

22.12 Ownership of ITO and trading of the Company on the AIM

22.12.1 ITO is not or ceases to.be a member of the Titan Group.

22.12.2 The shares of the Company cease to be traded on an Approved Market.

22.13 Change of control

A person or group of persons acting in concert acquires control of the Company. For the purposes of this clause "control" means the direct or indirect ownership of more than 50% of the voting share capital (or equivalent right of ownership) of the Company or the power to direct its policies and management (including the power to determine the composition of a majority of the board of directors of the Company) whether by virtue of contract or otherwise and "acting in

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concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Borrower by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower.

22.14 Unlawfulness

It is or becomes unlawful for an Obligor to perform any of its material obligations under the ITO Finance Documents

22.15 Repudiation

22.15.1 Any provision of an ITO Finance Document is not effective in accordance with its terms or an ITO Finance Document is repudiated or a party to an ITO Finance Document (other than an ITO Finance Party) evidences an intention to repudiate an ITO Finance Document.

22.15.2 Any of the Security Documents is not or ceases to be effective and (if the Intercreditor Agent is satisfied (in its absolute discretion) that steps are being diligently taken to remedy the defect) the defect is not remedied within 10 Business Days of its occurrence.

22.16 Material adverse change

Any event or series of events occurs which has a Material Adverse Effect and the Borrower and/or the Company are not able to demonstrate, to the reasonable satisfaction of the Majority Senior Lenders (within 10 Business Days of the notice given to the Borrower by the Intercreditor Agent that, in its opinion, a Material Adverse Effect has occurred) that following such event or series of events the Obligors will continue to be able to meet their payment obligations under the ITO Finance Documents and the Financial Covenants.

22.17 United States Bankruptcy Laws

22.17.1 In this clause:

"U.S. Bankruptcy Law" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101 et seq), as amended and in effect from time to time and the regulations issued from time to time thereunder, or any other United States Federal or State bankruptcy, insolvency or similar law.

22.17.2 Any of the following occurs in respect of Intertractor USA:

(a) it makes a general assignment for the benefit of creditors;

(b) it commences a voluntary case or proceeding under any U.S. Bankruptcy Law; or

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(c) an involuntary case under any U.S. Bankruptcy Law is commenced against it and is not controverted within 30 days or is not dismissed or stayed within 90 days after commencement of the case.

22.18 Acceleration

22.18.1 On and at any time after the occurrence of an Event of Default the ITO Facility Agent may; and shall if so directed by the Majority ITO Lenders, by notice to the Borrower:

. {a) cancel the Total Commitments whereupon they shall immediately be cancelled;.

{b) declare that all or part of the Loans, together with accrued interest, and· all other amounts accrued or outstanding under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the ITO Facility Agent; and

{d) subject to the provisions of the Intercreditor Deed, instruct the Intercreditor Agent to take all the steps necessary to enforce the Security Documents.

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SECTION 9

CHANGES TO PARTIES

23 Changes to the ITO Lenders

23.1 Assignments and transfers by the ITO Lenders

23.1.1 Subject to this clause 23 *(Changes to the ITO Lenders),* an *ITO* Lender {the "Existing ITO Lender") may:

(a) assign any of its rights; or

{b) transfer any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets and which is a Qualifying *ITO* Lender (the "New ITO Lender").

23.2 Conditions of assignment or transfer

23.2.1 The consent of the Borrower is not required for an assignment or transfer by an Existing ITO Lender.

23.2.2 An assignment will only be effective on:

(a) receipt by the *ITO* Facility Agent of written confirmation from the New ITO Lender (in form and substance satisfactory to the ITO Facility Agent) that the New ITO Lender will assume the same obligations to the other ITO Finance Parties as it would have been under if it was an Original ITO Lender;and

{b) performance by the ITO Facility Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in any jurisdiction in relation to such assignment to a New ITO Lender,_ the completion of which the ITO Facility Agent shall promptly notify to the Existing ITO Lender and the New ITO Lender.

23.2.3 A transfer will only be effective if the procedure set out in clause 23.5 *(Procedure for transfer)* is complied with.

23.2.4 If:

(a) an ITO Lender assigns or transfers any of its rights or obligations under the ITO Finance

Documents or changes its Facility Office; and

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(b) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New ITO Lender or ITO Lender acting through its new Facility Office under clause 12 *(Tax gross-up and indemnities)* or clause 13 *(Increased* Costs},

then the New ITO Lender or ITO Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing ITO Lender or ITO Lender acting through its previous Facility Office would *have* been if the assignment, transfer or change had not occurred.

23.3 Assignment or transfer fee

The New ITO Lender shall, on the date upon which an assignment or transfer takes effect, pay to the ITO Facility Agent (for its own account) a fee of €1,750.

23.4 Limitation of responsibility of Existing ITO Lenders

23.4.1 Unless expressly agreed to the contrary, an Existing ITO Lender makes no representation or warranty and assumes no responsibility to a New ITO Lender *for:*

(a) the legality, validity, effectiveness, adequacy or enforceability of the ITO Finance Documents or any other documents;

(b) the financial condition of any Obligor or any operating Subsidiary;

(c) the performance and observance by any Obligor of its obligations under the ITO Finance Documents or any other documents; or

(d) the accuracy of any statements (whether written or oral) made in or in connection with any ITO Finance Document or any other document,

and any representations or warranties implied by law are excluded.

23.4.2 Each New ITO Lender confirms to the Existing ITO Lender and the other ITO Finance Parties that it:

(a) has made (and shall continue to make) its own independent investigation and assessment of the finaf"!cial condition and affairs of each Obligor or any operating Subsidiary and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing ITO lender in connection with any ITO Finance Document; and

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(b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the ITO Finance Documents or any Commitment is in force.

23.4.3 Nothing in any ITO Finance Document obliges an Existing ITO Lender to:

(a) accept a re-transfer froin a New ITO Lender of any of the rights and obligations assigned or transferred under this clause 23 *(Changes to the ITO Lenders);* or

(b) support any losses directly or indirectly incurred by the New ITO Lender by reason of the non-performance by any Obligor of its obligations under the ITO Finance Documents or otherwise.

23.5 Procedure for transfer

23.5.1 Subject to the conditions set out in clause 23.2 *(Conditions of assignment or transfer)* a transfer is effected in accordance with clause 23.5.3 below when the ITO Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing ITO Lender and the New ITO Lender. The ITO Facility Agent shall, subject to clause 23.5.2 below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

23.5.2 The ITO Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing ITO Lender and the New ITO Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in any jurisdiction in relation to the transfer to such New ITO Lender.

23.5.3 On the Transfer Date:

(a) to the extent that in the Transfer Certificate the Existing ITO Lender seeks to transfer by novation its rights and obligations under the ITO Finance Documents each of the Obligors and the Existing ITO Lender shall be released from further obligations towards one another under the ITO Finance Documents and their respective rights against one another under the· ITO Finance Documents shall be cancelled (being the "Discharged Rights and Obligations");

(b) each of the Obligors and the New ITO Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New ITO Lender have assumed and/or acquired the same in place of that Obligor and the Existing ITO Lender;

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(c) the ITO Facility Agent, the Arranger, the New ITO Lender and other ITO Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New ITO Lender been an Original ITO Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the ITO Facility Agent, the Arranger and the Existing ITO Lender shall each be released from further obligations to each other under the ITO Finance Documents; and

(d) the New ITO Lender shall become a Party as a "ITO Lender".

23.6 Copy of Transfer Certificate to the.Borrow r

The ITO Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Borrower a copy of that Transfer Certificate.

23.7 Disclosure of information

Any ITO Lender may disclose to any of its Affiliates·and any other person:

23.7.1 to (or through) whom that ITO Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

23.7.2 with (or through) whom that ITO Lender enters into (or may potentially enter into) any sub participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or

23.7.3 to whom, and to the extent that, information is required to be disclosed by any applicable Jaw or regulation,

any information about any Obligor, the Titan Group, the Acquisition and the ITO Finance Documents as that ITO Lender shall consider appropriate.

24 Changes to the Obligors

24.1 Assignments and transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the ITO Finance Documents.

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SECTION 10

THE FINANCE PARTIES

25 Role of the ITO Facility Agent and the Arranger

25.1 Appointment of the ITO Facility Agent

25.1.1 Each ITO Finance Party.(other than the ITO Facility Agent and the lntercreditor Agent) appoints the ITO Facility Agent to act as its agenunder and *in* connection with the ITO Finance Documents.

25.1.2 Each ITO Finance Party (other than the ITO Facility Agent and the lntercreditor Agent) authorises the ITO Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the ITO Facility Agent under or in connection with the ITO Finance Documents together with any other incidental rights, powers, authorities and discretions.

25.2 Duties of the ITO Facility Agent

25.2.1 The ITO Facility Agent shaU promptly forward to a Party the original or a·copy of any document which is delivered to the ITO Facility Agent for that Party by any other Party.

25.2.2 Except where an ITO Finance Document specifically provides otherwise, the ITO Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

25.2.3 If the ITO Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the ITO Finance Parties.

25.2.4 If the ITO Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to an ITO Finance Party (other than the ITO Facility Agent or the Arranger) under this Agreement it shall promptly notify the other ITO Finance Parties.

25.2.5 The ITO Facility Agent's duties under the ITO Finance Documents are solely mechanical and administrative in nature.

25.3 Role of the Arranger

Except as specifically provided in the ITO Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any ITO Finance Document.

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25.4 No fiduciary duties

25.4.1 Nothing in this Agreement constitutes the ITO Facility Agent or the Arranger as a trustee or fiduciary of any other person.

25.4.2 Neither the ITO Facility Agent nor the Arranger shall be bound to account to any ITO Lender for any sum or the profit element of any sum received by it for its own account.

25.5 Business with the Titan Group

The ITO Facility Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Titan Group or with the Borrower or any of their Subsidiaries.

25.6 Rights and discretions of the ITO Facility Agent

25.6.1 The ITO Facility Agent may rely on:

(a) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(b) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within·his power to verify.

25.6.2 The ITO Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the ITO Lenders) that:

(a) no Default has occurred (unless it has actual knowledge of a Default arising under clause 22.1 *(Non-payment));*

(b) any right, power, authority or discretion vested in any Party or the Majority ITO Lenders has not been exercised; and

(c) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

25.6.3 The ITO Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

25.6.4 The ITO Facility Agent may act in relation to the ITO Finance Documents through its personnel and agents.

25.6.5 The ITO Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

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25.6.6 Notwithstanding any other provision of any ITO Finance Document to the contrary, neither the ITO Facility Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

25.7 Majority ITO Lenders' instructions

25.7.1 Unless a contrary indication appears in an ITO Finance Document, the ITO Facility Agent shall (i) exercise any right, power, authority or discretion vested in it as ITO Facility Agent in accordance with any instructions given to it by the Majority ITO Lenders (or, if so instructed by the Majority ITO Lenders, refrain from exercising any right, power, authority or discretion vested in it as ITO Facility Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority ITO Lenders.

25.7.2 Unless a contrary indication appears in an ITO Finance Document, any instructions given by the Majority ITO Lenders will be binding on all the ITO Finance Parties.

25.7.3 The ITO Facility Agent may refrain from acting in accordance with the instructions of the Majority ITO Lenders (or, if appropriate, the ITO Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

25.7.4 In the absence of instructions from the Majority ITO Lenders, (or, if appropriate, the ITO Lenders) the ITO Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the ITO Lenders.

25.7.5 The ITO Facility Agent is not authorised to act on behalf of an ITO Lender (without first obtaining that ITO Lender's consent) in any legal or arbitration proceedings relating to any ITO Finance Document.

25.8 Responsibility for documentation

Neither the ITO Facility Agent nor the Arranger:

25.8.1 is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the ITO Facility Agent, the Arranger, an Obligor or any other person given in or in connection with any ITO Finance Document or the Information Memorandum; or

25.8.2 is responsible for the legality, validity, effectiveness, adequacy or enforceability of any ITO Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any ITO Finance Document.

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25.9 Exclusion of liability

25.9.1 Without limiting clause 25.9.2 below and without prejudice to the provisions of clause 28.10.5 *(Disruption to Payment Systems etc.),* the ITO Facility Agent will not be liable for any action taken by it under or in connection with any ITO Finance Document, unless directly caused by its gross negligence or wilful misconduct.

25.9.2 No Party (other than the ITO Facility Agent) may take any proceedings against any officer, employee or agent of the ITO Facility Agent in respect of any claim it might have against the ITO Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any ITO Finance Document and any officer, employee or agent of the ITO Facility Agent may rely on this clause. Subject to clause 1.4 *(Third paity rights)* and the provisions of the Third Parties Act.

25.9.3 The ITO Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the ITO Finance Documents to be paid by the ITO Facility Agent if the ITO Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the ITO Facility Agent for that purpose.

25.9.4 Nothing in this Agreement shall oblige the ITO Facility Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any ITO Lender and each ITO Lender confirms to the ITO Facility Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the ITO Facility Agent or the Arranger.

25.10 ITO Lenders' indemnity to the ITO Facility Agent

Each ITO Lender shall (in proportion to its share of the TotalCommitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the ITO Facility Agent, within three Business Days of demand, against any cost, loss or liability {including, without iimitation, for negligence or any other category of liability whatsoever) incurred by the ITO Facility Agent (otherwise than by reason of the ITO Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 28.10 *(Disruption to Payment Systems etc.)* notwithstanding the ITO Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the ITO Facility Agent) in acting as ITO Facility Agent under the ITO Finance Documents (unless the ITO Facility Agent has been reimbursed by an Obligor pursuant to an ITO Finance Document).

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25.11 Resignation of the ITO Facility Agent

25.11.1 The ITO Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other ITO Finance Parties and the Company.

25.11.2 Alternatively the ITO Facility Agent may resign by giving notice to the other ITO Finance Parties and the Borrower, in which case the Majority ITO Lenders (after consultation with the Company) may appoint a successor ITO Facility Agent.

25.11.3 If the Majority ITO Lenders have not appointed a successor ITO Facility Agent in accordance with clause 25.11.2 above within 30 days after notice of resignation was given, the ITO Facility Agent (after consultation with the Company) may appoint a successor ITO Facility Agent.

25.11.4 The retiring ITO Facility Agent shall, at its own cost, make available to the successor JTO Facility Agent such documents and records and provide such assistance as the successor ITO Facility Agent may reasonably request for the purposes of performing its functions as ITO Facility Agent under the ITO Finance Documents.

25.11.5 The ITO Facility Agent's resignation notice shall only take effect upon the appointment of a successor.

25.11.6 Upon the appointment of a successor, the retiring ITO Facility Agent shall be discharged from any further obligation in respect of the ITO Finance Documents but shall remain entitled to the benefit of this clause 25 *(Role of the ITO Facility Agent and the Arranger).* Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

25.11.7 After consultation with the Company, the Majority ITO Lenders may, by notice to the ITO Facility Agent, require it to resign in accordance with clause 25.11.2 above. In this event, the ITO . Facility Agent shall resign in accordance with clause 25.11.2 above.

25.12 Confidentiality

25.12.1 In acting as agent for the ITO Finance Parties, the ITO Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

25.12.2 If information is received by another division or department of the ITO Facility Agent, it may be treated as confidential to that division or department and the ITO Facility Agent shall not be deemed to have notice of it.

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25.13 Relationship with the ITO Lenders-

The ITO Facility Agent may treat each ITO Lender as an ITO Lender, entitled to _payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that ITO Lender to the contrary in accordance with the terms of this Agreement.

25.14 Credit appraisal by the ITO Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any ITO Finance Document, each ITO Lender confirms to the ITO Facility Agent and the Arranger that it has been, and will continue to be, solely responsibie for making its own independent appraisal and investigation of all risks arising under or in connection with any ITO Finance Document including but not limited to:

25.14.1 the financial condition, status and nature of each member of the Titan Group;

25.14.2 the legality, validity, effectiveness, adequacy or enforceability of any ITO Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any ITO Finance Document;

25.14.3 whether that ITO Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with. any ITO Finance Document, the transactions contemplated by the ITO Finance Documents or any· other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any ITO Finance Document; and

25.14.4 the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the ITO Facility Agent, any Party or by any other person under or in connection with any ITO Finance Document, the transactions contemplated by the ITO Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipationof, under or in connection with any ITO Finance Document.

25.15 Reference Banks

If a Reference Bank (or, if a Reference Bank is not an ITO Lender, the ITO Lender of which it is an Affiliate) ceases to be an ITO Lender, the ITO Facility Agent shall {in consultation with the Company) appoint another ITO Lender or an Affiliate of an ITO Lender to replace that Reference Bank.

25.16 Deduction from amounts payable by the ITO Facility Agent

If any Party owes an amount to the ITO Facility Agent under the ITO Finance Documents the ITO Facility Agent may, after giving nofce to that Party, deduct an amount not exceeding that

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amount from any payment to that Party which the ITO Facility Agent would otherwise be obliged to make under the ITO Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the ITO Finance Documents that Party shall be regarded as having received any amount so deducted.

26 Conduct of business by the ITO Finance Parties

No provision of this Agreement will:

26.1.1 interfere with the right of any ITO Finance Parties to arrange its affairs (tax or otherwise) in . whatever manner it thinks fit;

26.1.2 oblige any ITO Finance Parties to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

26.1.3 oblige any ITO Finance Parties to disclose any information relating to its affairs {tax or otherwise) or any computations in respect of Tax.

27 Sharing among the ITO Finance Parties

27.1 Payments to ITO Finance Parties

Subject to the provisions of the Intercreditor Deed, if an ITO Finance Party (a "Recovering ITO Finance Party") receives or recovers any amount from an Obligor other than in accordance with clause 28 *(Payment mechanics)* and applies that amount to a payment due under this Agreement then:

27.1.1 the Recovering ITO Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the ITO Facility Agent;

27.1.2 the ITO Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering ITO Finance Party would have been paid had the receipt or recovery been received or made by the ITO Facility Agent and distributed in accordance with clause 28 *(Payment mechanics),* without taking account of any Tax which would be imposed on the ITO Facility Agent in relation to the receipt, recovery or distribution; and

27.1.3 the Recovering ITO Finance Party shall, within three Business Days of demand by the ITO Facility Agent, pay to the ITO Facility Agent an amount (the "Sharing Payment") equal to such receipt or recovery less any amount which the ITO Facility Agent determines may be retained by the Recovering ITO Finance Party as *its* share of any payment to be made, in accordance with clause 28.5 *(Partial payments).*

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27.2 Redistribution of payments

The ITO Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the ITO Finance Parties (other than the Recovering ITO Finance Party) in accordance with clause 28.5 *(Partial payments).*

27.3 Recovering ITO Finance Parties's rights

27.3.1 On a distribution by the ITO Facility Agent under clause 27.2 *(Redistribution of payments),* the Recovering ITO Finance Party will be subrogated to the rights of the ITO Finance Parties which have shared in the redistribution.

27.3.2 If and to the extent that the Recovering ITO Finance Party is not able to rely on its rights under clause 27.3.1 above, the relevant Obligor shall be liable to the Recovering ITO Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

27.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering ITO Finance Party becomes repayable and is repaid by that Recovering ITO Finance Parties; then:

27.4.1 each ITO Finance Party which has received a share of the relevant Sharing Payment pursuant to clause 27.2 *(Redistribution of payments)* shall, upon request of the ITO Facility Agent, pay to the ITO Facility Agent for account of that Recovering ITO Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering ITO Finance Party for its proportion of any interest on the Sharing Payment which that Recovering ITO Finance Party is required to pay); and

27.4.2 that Recovering ITO Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing ITO Finance Parties for the amount so reimbursed.

27.5 Exceptiohs

27.5.1 This clause 27 *(Sharing among the ITO Finance Parties)* shall not apply to the extent that the Recovering ITO Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.

27.5.2 A Recovering ITO Finance Party is not obliged to share with any other ITO Lender any amount which the Recovering ITO Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(a) it notified that other ITO Finance Parties of the legal or arbitration proceedings; and

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(b) the other ITO Finance Parties had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

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SECTION 11

ADMINISTRATION

28 Payment mechanics

28.1 Payments to the ITO Facility Agent

28.1.1 On each date on which an Obligor or an ITO Lender is required to make a payment under an ITO Finance Document, that Obligor or ITO Lender shall make the same available to the ITO Facility Agent (unless a contrary indication appears in an ITO Finance Document) for value on the due date at the time and in such funds specified by the ITO Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

28.1.2 Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the ITO Facility Agent specifies.

28:2 Distributions by the ITO Facility Agent

Each payment received by the ITO Facility Agent under the ITO Finance Documents for another Party shall, subject to clause 28.3 *(Distributions to Obligors)* and clause 28.4 *(Ciawback)* be made available by the ITO Facility Agent as soon as practicable after receipt . to the Party entitled to receive payment in accordance with this Agreement (in the case of an ITO Lender, for the account of its Facility Office), to such account as that Party may notify to the ITO Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

28.3 Distributions to Obligors

Without prejudice and in addition to any other right of the ITO Finance Parties under any applicable law the ITO Facility Agent may (with the consent of the Obligor or in accordance with clause 29 (Set-off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the ITO Finance Documents or in or towards purchase of any amount of any currency to be so applied.

28.4 Clawback

28.4.1 Where a sum is to be paid to the ITO Facility Agent under the ITO Finance Documents for another Party, the ITO Facility Agent is not obliged to pay that sum to that other Party (or to

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enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

28.4.2 If the ITO Facility Agent pays an amount to another Party and it proves to be the case that the ITO Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the ITO Facility Agent shall on demand refund the same to the ITO Facility Agent together with interest on that amount from the date of payment to the date of receipt by the ITO Facility Agent, calculated by the ITO Facility Agent to reflect its cost of funds.

28.5 Partial payments

28.5.1 If the ITO Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the ITO Facility Agent shall (subject to the relevant provisions of the Intercreditor Deed) apply that payment towards the obligations of that Obligor under this Agreement in the following order:

(a) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the ITO Facility Agent under this Agreement;

(b) secondly, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) thirdly, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(d) fourthly, in or towards payment pro rata of any other sum due but unpaid under this Agreement.

28.5.2 The ITO Facility Agent shall, if so directed by the Majority ITO Lenders, vary the order set out in clauses 28.5.1(b) to 28.5.1(d) above.

28.5.3 Clauses 28.5.1 and 28.5.2 above will override any appropriation made by an Obligor.

28.6 No set-off by Obligors

All payments to be made *by* an Obligor under·the ITO Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

28.7 Business Days

28.7.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

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28.7.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

28.8 Currency of account

28.8.1 Subject to clauses 28.8.2 and 28.8.3 below, euro is the currency of account and payment for any sum due from an Obligor under any ITO Finance Document.

28.8.2 Each payment in resp.ect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

28.8.3 Any amount expressed to be payable in a currency other than euro shall be paid in that other currency.

28.9 Change of currency

28.9.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

{a) any reference in the ITO Fin.ance Documents to, and any obligations arising under the ITO Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the ITO Facility Agent {after consultation with the Company); and

(b) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the ITO Facility Agent {acting reasonably).

28.9.2 If a change in any currency of a country occurs, this Agreement will, to the extent the ITO Facility Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended tocomply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

28.10 Disruption to Payment Systems etc.

If either the ITO Facility Agent determines (in its discretion) that a Disruption Event has occurred or the ITO Facility Agent is notified by the Borrower that a Disruption Event has occurred:

28.10.1 the ITO Facility Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the ITO Facility Agent may deem necessary in the circumstances;

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28.10.2 the ITO Facility Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in clause 28.10.1 if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

28.10.3 the ITO Facility Agent may consult with the ITO Finance Parties in relation to any changes mentioned in clause 28.10.1 but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

28.10.4 any such changes agreed upon by the ITO Facility Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the ITO Finance Documents notwithstanding the provisions of clause 34 *(Amendments and Waivers);* ·

28.10.5 the ITO Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the ITO Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 28.10 *(Disruption to Payment Systems etc.);* and

28.10.6 the ITO Facility Agent shall notify the ITO Finance Parties of all changes agreed pursuant to clause 28.10.4 above.

29 Set-off

Subject to the relevant provisions of the Intercreditor Deed, an ITO Finance Party may set off any matured obligation due from an Obligor under the ITO Finance Documents (to the extent beneficially owned by that ITO Finance Parties) against any matured obligation owed by that ITO Finance Parties to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the ITO Finance Parties may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

30 Notices

30.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

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30.2 Addresses

The address and fax number {and the department or officer, if any, for whose attention the communication is to be made) of each

Party for any communication or document to be made or delivered under or in connection with this Agreement is:

30.2.1 in the case of the Company, that identified below:
Address: Bridge Road, Coakley, Nr Kidderminster, Worcestershire DY10 3SD
Attention: Miss Cecilia La Manna/Mr. Gary Chesterton
Fax number: +44 {0) 1562 850 561
Telephone number: +44 {0) 1562 852 554

30.2.2 in the case of the Borrower:
Address: Via Confortino 23/28, 1-40056 Cr.espellano, Joe. Calcara (Bologna), Italy
Attention: Cecilia La Manna
Fax number:+39 051 738 2.90

30.2.3 in the case of ITM:
Address: Via Confortino 23/28, 1-40056 Crespe!lano, loc. Calcara {Bologna), Italy
Attention: Cecilia La Manna
Fax number: +39 051 738 290

30.2.4 in the case of each ITO Lender that notified in writing to the ITO Facility Agent on or prior to the date on which it becomes a Party; and

30.2.5 in the case of the ITO Facility Agent and the Intercreditor Agent, that identified below:
Address: Loan Agency, Direzlone Investment Banking and Capital Markets, Piazza della Scala 6, Milan 20121, Italy

Attention: Miss Paola Elardo/Miss Maria Antonietta Rumbolo

Fax number: +39 02 8794 2013

Telephone number: +39 02 87943892

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or any substitute address or fax number or department or officer as the Party may notify to the ITO Facility Agent (or the ITO Facility Agent may notify to the other Parties, if a change is made by the ITO Facility Agent) by not less than five Business Days' notice.

30.3 Delivery

30.3.1 Any communication or document made or delivered by one person to another under or in connection with the ITO Finance Documents will only be effective:

(a) if by way of fax, when received in legible form; or

(b) if by way of letter, when it has been left at the relevant'address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 30.2 *(Addresses),* if addressed to that department or officer.

30.3.2 Any communication or document to be made or delivered to the ITO Facility Agent will be effective only when actually received by the ITO Facility Agent and then only if it is expressly marked for the attention of the· department or officer identified with the ITO Facility Agent's signature below (or any substitute department or officer as the ITO Facility Agent shall specify for this purpose)

30.3.3 All notices from or to an Obligor shall be sent through the ITO Facility Agent.

30.3.4 Any communication or document made or delivered to the Borrower in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

30.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to clause 30.2 *(Addresses)* or changing its own address or fax number, the ITO Facility Agent shall notify the other Parties.

30.5 Electronic communication

Any communication to be made between the ITO Facility Agent and an ITO Lender under or in connection with the ITO Finance Documents may be made by electronic mail or other electronic means, if the ITO Facility Agent and the relevant ITO Lender:

30.5.1 agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

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30.5.2 notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

30.5.3 notify each other of any change to their address or any other such information supplied by them.

30.6 Any electronic communication made between the ITO Facility Agent and an ITO Lender will be effective only when actually received in readable form and in the case of any electronic communication made by an ITO Lender to the ITO Facility Agent only if it is addressed in such a manner as the ITO Facility Agent shall specify for this purpose.

30.7 English language

30.7.1 Any notice given under or in connection with any ITO Finance Document must be in English.

30.7.2 All other documents provided under or in connection with any ITO Finance Document must be:

(a) in English; or

(b) if not in English, and if so required by the ITO Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or othar official document.

31 Calculations and certificates

31.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with an ITO Finance Document, the entries made in the accounts maintained by an ITO Finance Party aie *prima facie* evidence of the matters to which they relate.

31.2 Certificates and Determinations

Any certification or determination by an ITO Finance Party of a rate or amount under any ITO Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

31.3 Day count convention

Any interest, commission or fee accruing under an ITO Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

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32 Partial invalidity

If, at any time, any provision of the ITO Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any *way* be affected or impaired.

33 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any ITO Finance Parties, any right or remedy under the ITO Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

34 Amendments and Waivers

34.1 Required consents

34.1.1 Subject to:

(a) the relevant provisions of the Intercreditor Deed; and

(b) clause 34.2 *(Exceptions)* below,

any term of this Agreement may be amended or waived only with the consent of the Majority ITO Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

34.1.2 The ITO Facility Agent may effect on behalf of any ITO Finance Parties, any amendment or waiver permitted by this clause.

34.2 Exceptions

34.2.1 An amendment or waiver that has the effect of changing or which relates to: (a) the definition of "Majority ITO Lenders,. in clause 1.1 *(Definitions);*

(b) an extension to the date of payment of any amount under this Agreement;

(c) a reduction in the Margin not expressly provided for in this Agreement or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(d) any provision which expressly requires the consent of all the ITO Lenders; or

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(e) Clause 2.2 *(ITO Finance Parties' rights and obligations),* clause 23 *(Changes to the ITO Lenders)* or this clause 34 *(Amendments and Waivers);*

shall not be made without the prior consent of all the ITO Lenders.

34.2.2 An amendment or waiver which relates to the rights or obligations of the ITO Facility Agent or the Arranger may not be effected without the consent of the ITO Facility Agent or the Arranger.

34.2.3 An amendment or waiver that has the effect of changing orwhich relates to:

(a) an increase in or an extension of any Commitment under this Agreement; an

(b) any provision which expressly requires the consent of the Intercreditor Agent (whether or not on the instruction of the Majority Senior Lenders), or any consent, approval or instruction from the Majority Senior Lenders, of all the ITO Lenders; or

(c) this clause 34 *(Amendments and Waivers);*

shall only be made in accordance with the provisions of the Intercreditor Deed.

35 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

36 Summary Document

The Summary Document to be delivered by the Borrower pursuant to this Agreement is solely to provide a summary of the main terms and conditions of the Agreement for the purposes of the Bank of Italy's instructions on the transparency of banking transactions and services *(Istruzioni di vigilanza perle banche, Titolo X, Capitola* 1). The Parties agree that the Summary Document is not intended to amend, supplement or interpret this Agreement. In case of inconsistency between this Agreement and the Summary Document, this Agreement will prevail for all purposes.

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SECTION 12

GOVERNING LAW AND ENFORCEMENT

37 Governing law

This Agreement is governed by English law.

38 Enforcement

38.1 Jurisdiction

38.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "Dispute").

38.1.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

38.1.3 This clause 38.1 *(Jurisdiction)* is for the benefit of the iTO Finance Parties only. As a result, no ITO Finance Parties shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the ITO Finance Parties may take concurrent proceedings in any number of jurisdictions.

38.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, the Borrower and ITO as ITM Guarantor:

38.2.1 irrevocably appoint the Company as their agent for service of process in relation to any proceedings before the English courts in connection with any ITO Finance Document; and

38.2.2 agree that failure by the process agent to notify the relevant of the process will not invalidate the proceedings concerned.

38.3 Waiver of immunity

Each Obligor irrevocably and unconditionally:

(a) agrees not to claim any immunity from proceedings brought by an ITO Finance Party against it in relation to an ITO Finance Document and to ensure that no such claim is made on its behalf;

(b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

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(c) waives all rights of immunity in respect of it or its assets.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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Schedule 1

The OriginalParties

Part 1

The Original Obligors

Name of the Company	Registration number (or equivalent, if any)
Titan Europe pic	3018340

Name of Borrower	Tax code, VAT and Registration number
· Italtractor Operations S.p.A.	0292550362 (Companies Register of Modena)

Name of Guarantors	Registration number (or if applicable, Tax code and VAT number}
Titan Europe pic	301834
Italtractor LT.M. S.p.A.	01731300362- (Companies Register of Potenza)

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Part2

The Original ITO lenders

Name of OriginalITO Lender	. Commitment	loan A	loan B	
		'€10,500,000		
Intesa S.p.A	'€20,000,000		'€3,000,000	
Unicredit S.p.A	'€14,100,000	'€10,500,000		3,000,000
(formerly Unicredit Corporate Banking S.p.A., formerly Banca di Roma S.p.A.)				
Unicredit S.p.A.	'€5,900,000			
(formerly Unicredit Corporate Banking S.p.A., formerly Bipop Carire S.p.A.)				

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Schedule 2

Conditions precedent

Conditions Precedent to InitialUtilisation

1 Obligors.

(a) A copy of the constitutional documents of the Company.

(b) A copy of a resOlution of the board of directors of the Company:·

(i) approving the terms of, and the transactions contemplated by, the ITO Finance Documents to which it is a party and resolving that it execute the ITO Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the ITO Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the ITO Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A certificate of the Company (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on the Company to be exceeded.

(e) A certificate of an authorised signatory of each Obligor certifying that each copy

· document relating to it specified in this Part 1 of Schedule 2 *(Conditions precedent)* is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(f) The Original Financial Statements of the Company.

(g) A copy of the notarised constitutional documents *(statuto ed atto costitutivo)* of the Borrower.

(h) An extract of the pages of the relevant company register of the Borrower containing the resolution of the board of directors of the Borrower (or if required by the existing constitutional documents of the Borrower, a copy of a resolution of the shareholders meeting of the Borrower):

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(i) approving the terms of, and the transactions contemplated by, the ITO Finance Documents to which it is or will become a party and resolving that it execute the ITO Finance Documents to which it is a party and grant all the Security to be granted by it under any Security Document;

(ii} authorising a specified person or persons to execute the ITO Finance Documents and the other ITO Finance Documents to which it is a party and any Security Document to which it is a party on its behalf; and

(iii}" authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (inCluding, any Utilisation Request} to be sighed and/or despatched by it under or in connection with the ITO Finance Documents.

(i) A specimen of the signature of each person authorised by the resolution referred to in paragraph (h) above, and, if necessary, a notarised copy of a power of attorney empowering such person to sign the above documents on behalf of the Borrower.

0) A certificate of the Borrower (signed by a director or legal representative) confirming that borrowing or guaranteeing the Total Commitments would not causany borrowing, guaranteeing or similar limit binding on it to be exceeded and that none of the circumstances contemplated in article 2447 of the Italian Civil Code has occurred in respect of it.

(k) A *certificato di vigenza* of the Borrower including a non-insolvency statement dated not earlier than 10 Business Days prior to the date of this Agreement.

(l} Certificates from the competent court *(certificato di assenza di procedure concorsuaft)*

attesting that no insolvency proceedings against the Borrower have been commenced

(m) Evidence of the outstanding intercompany indebtedness to be refinanced under the Facility and a certificate signed by an authorised signatory of the Borrower describing the nature of such indebtedness and its main terms and conditions and certifying that such indebtedness is properly accounted for in the accounting books of the Borrower.

2 Legal opinions

(a} A legal opinion ofNorton Rose, English legal advisers to the Arranger. (b) A legal opinion of Norton Rose, Italian legal advisers to the Arranger
(c) A legal opinion of Gateley Wareing LLP as English legal advisers to the Company.
(d) A legal opinion of Norton Rose, as German legal advisers to the Arranger in relation to the Intertractor Share Pledge.

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(e) A legal opinion of Allen & Overy, Milan, Italian legal advisers to the Company addressed to the ITO Facility Agent and the other ITO Finance Parties on issues such as, inter alia, status and capacity of the Borrower and any other Security Provider incorporated in Italy, to enter into and perform the ITO Finance Documents to which any of such entity is a party (or in the case of a Security Provider, to grant the relevant Security).

(f) A tax opinion from Allen & Overy, Milan addressing, *inter alia,* any issue relating to the relevant thin capitalisation rules applicable to the Company and the Borrower.

3 Other documents and evidence

(a} Evidence that the Acquisition has been fully and unconditionally completed and certified copies of all the Acquisition Documents.

(b) A certified copy of the Framework Agreement duly executed by the Existing Banks.

(c) Evidence that a capital increase in the Company of not less than £70,000,000 has been completed and fully paid in following Admission.

(d) An original of each ITO Finance Document, duly executed by the parties to it.

(e) A copy of any other Authorisation or other document, opinion or assurance which the ITO Facility Agent reasonably considers to be necessary or desirable following Cl change in law, banking regulations or banking practice in connection with the entry into and performance of the transactions contemplated by any ITO Finance Document or for the validity and enforceability of any ITO Finance Document.

(f) The final business plan relating to the Acquisition, the Structure Memorandum and the Existing Debt Chart.

(g) Evidence that the fees, costs and expenses then due from any Obligor pursuant to clause 11 *(Fees),* clause 16 *(Costs and expenses)* and the letter cancelling a facility agreement dated 7 December 2005 have been paid or will be paid by the first Utilisation Date.

(h) A copy of the Admission Document.

(i) A Summary Document (in the form of Schedule 5 *(Summary Document)* signed for acknowledgement and acceptance by the relevant Borrower and constituting the *Documento di Sintesi* required by the relevant Italian banking regulations, namely Section 10 of the Bank of Italy's regulations of 25 July 2003 and the C.I.C.R. resolution dated 4 March 2003.

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(j) An extract of the pages (stamped with the notarial seal) of the relevant company register setting out the ITM corporate resolutions approving an equity injection *(versamento in conto capita/e)* in ITM for not less than €94,000,000.

(k) Evidence that the process agent specified in clause 38.2 *(Service of process)* has accepted its appointment in relation to the Borrower and ITM as ITO Guarantor.

4 Security

(a) Evidence that all Security to be created pursuant to the Security Documents has been *:*

.created and all the formalities required by any applicable law for the perfection of such

Security have been complied with.

(b) In relation to Security Providers incorporated outside Italy, copies of any corporate authorisation or evidence that any other necessary action has been taken to authorise each Security Provider to enter into, deliver and perform the Security Document to which any such Security Provider is a party and in relation to any Security Providers incorporated in Italy, an extract of the pages (stamped with the notarial seal) of the relevant company register of each Security Provider to enter into, deliver and perform the Security Document to which ith Security Provider is a party.

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Schedule 3

Form of Utilisation Request

Utilisation Request

From: *[Borrower]*

To: *[ITO Facility Agent]*
Dated: Dear Sirs

€40,000,000 Facility Agreement dated [] {the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow a Loan on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Amount:

[] or, if less, the Available Facility

Interest Period: []

3 The principal amount (or its equivalent in euro) of the Existing Secured Facilities outstanding as at the date of this Utilisation Request is € [].

4 We confirm that each condition specified in clause 4.2 *(Further conditions precedent)* is satisfied on the date of this Utilisation Request.

5 We confirm that the proceeds of this Loan will be applied towards one or more of the purposes specified in clause 3.1 *(Purpose)* of the Agreement as follows:

Clause: [] Purpose: []

6 The proceeds of this Loan should be credited to *[specify account detail and details of the account holder].*

7 This Utilisation Request is irrevocable.

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Yours faithfully

authorised signatory for

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Schedule 4

Form of Transfer Certificate

To: [] as ITO Facility Agent

From: *[The Existing ITO Lender]* (the "Existing ITO Lender") and *[The New ITO Lender]* (the "New ITO Lender") Dated:

Dear Sirs

€40,000,000 Facility Agreement dated [] (the "Agreement")

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to clause 23.5 *(Procedure for transfer):*

(a) The Existing ITO Lender and the New ITO Lender agree to the Existing ITO Lender transferring to the New ITO Lender all or part of the Existing ITO Lender's Commitment. rights and obligations . referred to in the Schedule in accordance with .clause 23.5 *(Procedure for transfer).*

(b) The proposed Transfer Date is [].

(c) The Facility Office and address. fax number and attention details for notices of the New ITO Lender for the purposes of clause 30.2 *(Addresses)* are set out in the Schedule.

3 The New ITO Lender expressly acknowledges the limitations on the Existing ITO Lender's obligations set out in clause 23.4.3 *(Limitation of responsibility of Existing ITO Lenders).*

[4/5] This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

[5/6] This Transfer Certificate is governed by English law.

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THE SCHEDULE CommitmenUrights and obligations to be transferred

[insert relevant details]

(Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing ITO Lender] [New ITO Lender] By: By:

This Transfer Certificate is accepted by the ITO Facility Agent and the Transfer Date is confirmed as

].

[ITO Facility Agent] By:

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Schedule 5

Form of Summary Document

Il presente documento, redatto ai sensi delle istruzioni della Banca d'Italia sulla trasparenza dei servizi e delle operazioni bancarie *(Jstruzioni di Vigilanza per Je banche, Tito/o X, Capitola* 1), evidenzia una sintesi delle piu significative condizioni contrattuali ed economiche del *Facilities Agreement* stipulato in data 2 febbraio 2006 come modificato in data 19 maggio 2009, tra le parti qui di seguito indicate (il "Contratto dl Flnanziamento").

Il testo integrale delle clausole che regolano il finanziamento e contenuto nel Contratto di Finanziamento. Parole ed espressioni definite nel Contratto di Finanziamento hanno il medesimo significato quando usate nel presente documento.

1 PARTICONTRATTUALI E PRINCIPAL! CONDIZIONI DEL FINANZIAMENTO

1.1 Parti

Debitore {Borrower): ltaltractor Operations. S.p.A.

Banche Finanziatrici (Original ITO Lenders): Intesa Sanpaolo S.p.A (gia Intesa S.p.A.) UniCredit Corporate Banking S.p.A. (gia Banca di Roma S.p.A. e Bipop Carire

Banca Agente (ITO FAcility Agent): Intesa Sanpaolo S.p.A (gia lntesa S.p.A.) Arranger: lntesa Sanpaolo S.p.A (gia lntesa S.p.A.) Intercreditor Agent: lntesa Sanpaolo S.p.A (gia lntesa S.p.A.) Garanti: Titan Europe pice ltaltractor Operations S.p.A.

1.2 Importo complessivo del Finanziamento, come modificato in data 19 maggio 2009: Euro

30.000.000 (ii"Finanziamento")

·Facility: per un ammontare massimo di Euro 30.000.000

Scopo: il Debitore dovra utili:Zzare il Finanziamento per (i) rimborsare i propri debiti infragruppo nei confronti di ltaltrctor ITM S.p.A.; (ii) far fronte aile proprie esigenze di capitale circolante; e (iii) per concedere prestiti infragruppo;

Periodo di interessi: ha inizio in corrispondenza deii'Utilisation Date o (se gia avvenuta) dell'ultimo giorno del precedente periodo di interessi. II periodo di interessi durera 3 mesi aile condizioni indicate all'art. 9 *(Interest Periods)* del Contratto diFinanziamento;

Tasso di interesse: EURIBOR piu il Ma · e *(Margin)* di volta in volta applicabile;

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Margine: 3,50% in ragione d'anno

Tasso di mora: la misura sara determinata aumentando il tasso di interesse di 1,5%;

Rimborso: in 20 rate di eguale importo, aile condizioni indicate all'art. 6.1 del Contratto di

Finanziamento.

2 DICHIRAZIONI E GARANZIE

Come meglio descritto all'art. 18 *(Representation)* del Contratto di Finanz!amento, questa riguardano, *inter alia:* status, poteri, pari passu, assenda di conflitti con altre obbligazioni, assenza di eventi di risoluzione, assenza di procedure concorsuali, corporate benefit.

3 PRINCIPAL! OBBLIGAZIONI DEL DEBITORE

Come meglio descritto agli artt. 19 *(Information undertakings),* 20 *(Financial covenants)* e 21 *(General undertakings),* queste includono, *inter alia:* specifici obblighi informative, if rispetto di determinati parametric finanziari, il rispetto dei termini e delle condizioni della Hedging Policy, il negative pledge, il *pari* passu, il non concedere prestiti ne garanzie se non nei limiti indicati nel Contralto di Finanziamento, la possibilita di procedere ad operazioni di fusione o acquisizione solo aile condizioni e nei termini previsti dal Contralto di Finanzianiento.

4 RISOLUZIONE

Al verificarsi di determinati eventi o per violazione di clausole contrattuali rilevanti come da art.

22 *(Events of Default)* del Contratto di Finanziamento.

5 INDICATORE SINTETICO DI COSTO

L'indicatore sintetico di costo e pari a []%

6 LEGGE APPLICABILE E FORO COMPETENTE

Il Contratto di Finanziamento e regolato dalla legge inglese e qualsiasi controversia (incluse quelle relative all'esistenza, alia validita o alia risoluzione del Contralto di Finanziamento) sara devoluta alia competenza esclusiva delle cortiinglesi.

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Schedule 6

Form of Compliance Certificate

To:
[] as ITO Facility Agent

From: [Borrower] Dated:
Dear Sirs

€40,000,000 Facility Agreement dated [] (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement *have* the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that: [Insert details of covenants to be certified]

3 [We confirm that no Default is continuing.]'

Signed:

Director of.	· Director of
[Borrower]	[Borrower]

for and on behalf of

[name of the Borrower]

for and on behalf of

[name of the Borrower}

If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, If any, being taken to remedy it.

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Schedule 7

Existing Security

Name of Obligor	Security	Total Principal Amount of Indebtedness Secured
Intertractor America Co.	First priority security interest in and to any and all property of the company	All monies and liabilities owed to La · Salle Bank N.A.
Italtractor Landroni Ltda	Mortgage of real estate	All monies due to Banco Nacional do Desenvolvimento Economico e Social

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Schedule 8

Timetables

Delivery of a duly completed Utilisation Request (clause 5.1 *(Delivery of a Utilisation Request)*

11:00 a.m. Brussels *time* 3 Business days before requested Utilisation Date

ITO Facility Agent notifies the ITO Lenders of the Loan in accordance with clause 5.4 *(ITO Lenders' participation)*

EURIBOR is fixed

Quotation Day as of 11:00 am (Brussels time)

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Schedule 9

Repayment Schedule

Repayment Date	Repayment Instalment
31 January 2012	'€750,000
30 April 2012	'€750,000
31 July 2012	'€750,000
31 October 2012	'€750,000
31 January 2013	'€750,000
30 April 2013	'€750,000
31 July 2013	'€750,000
31 October 2013	'€750,000
31 January 2014	'€1,875,000
30 April 2014	'€1,875,000
31 July 2014	'€1,875,000
31 October 2014	'€1,875,000
31 January 2015	'€1,875,000
30 April 2015	'€1,875,000

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Repayment Date	Repayment Instalment
31 July 2015	'€1,875,000
31 October 2015	'€1,875,000

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Schedule 10

Hedging Policy

1 Introduction

1.1 This Schedule 10 *(Hedging Policy)* constitutes the Hedging Policy for the purposes of the Facility Agreement between, among others, Italtractor Operations S.pA as Borrower and Intesa Sanpaolo S.p.A. as Intercreditor Agent, ITO Facility Agent and ITO Lender. Under clause 21.8 *(Hedging)* of the Facility Agreement, the Borrower is obliged to comply with the terms of this Hedging Policy.

1.2 The objective of the Hedging Policy is to mitigate the Borrower's exposure to interest rate risk.

1.3 The Parties agree that the ITO Hedging Agreements are to be used solely as a risk management tool to protect the Borrower from adverse movements in financial markets. The Borrower shall not enter into the ITO Hedging Agreements or derivative transactions as a means of speculating on movements in the underlying financial markets.

2 Obligation to enter ITO Hedging Agreements

2.1 The Borrower shall:

2.1.1 enter into ITO Hedging Agreements that satisfy the requirements of paragraphs 2.2 and 2.3 of this Hedging Policy by no later than seven Business Days from the date of the Amendment and Restatement Agreement No. 1; and

2.1.2 promptly, upon entry into any ITO Hedging Agreement, deliver to the Intercreditor Agent an original or certified copy of that ITO Hedging Agreement, an original or certified copy of each confirmation in relation to that Hedging Agreement.

2.2 The Borrower shall only enter into an ITO Hedging Agreement with Intesa Sanpaolo S.p.A. or any Affiliate of Intesa Sanpaolo S.p.A. or, subject to the consent of the Arranger, another person who is a Lender or an Affiliate of a Lender and who is attributed a credit rating by S&P of at least A- or by Moody's of at least f

3.

2.3 The Borrower shall enter into and maintain at all times ITO Hedging Agreements for an aggregate notional amount equal to the Loan in the amount of €30,000,000 at the prevailing market conditions at the time of entering into of such ITO Hedging Agreements.

2.4 The ITO Hedging Agreements contemplated by paragraph 2.3 shall match the repayment profile of the Facility in respect of which such ITO Hedging Agreement nominally relates.

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2.5 In respect of any period ending prior to the first Repayment Date, the Borrower shall ensure that the due date for value (as referred to in Section 2(a)(ii) of the ISDA Master Agreement (2002) and as specified in the applicable confirmations) in respect of each ITO Hedging Agreement shall coincide with the Interest Payment Dates relative to the Loan in respect of which such ITO Hedging Agreement nominally relates.

2.6 In respect of any period commencing on or after the first Repayment Date, the Borrower shall ensure that each due date for value in respect of each ITO Hedging Agreement shall coincide

· with each Interest Payment Date in respect of which such ITO Hedging Agreement nominally relates.

3 Prepayment of Loans

3.1 If the Borrower:

(a) makes a prepayment (whether in whole or in part) of any of the Loans to which any of the ITO Hedging Agreements nominally relate; or

(b) cancels all or part of any of the Commitments to which any of the ITO Hedging Agreements nominally relate,

then the Borrower shall immediately close out and terminate sufficient ITO Hedging Agreements (or part thereof) as is necessary to ensure that the aggregate notional principal amount of the ITO Hedging Agreements is no greater than 105% of the outstanding amount under the Facility to which such ITO Hedging Agreements relate.

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Schedule 11

Existing Financial Indebtedness

Part I

Existing Financial Indebtedness

Debtor	Lender	:Fii.i.allciai ir.itieb...t_.ti e. ss. (t)
Titan Europe Pic	Lloyds	£7,500,000
Titan ltalia S.p.A.	BNUJntesa Sanpaolo	'£2,770,000
lntertractor USA	lntesa Sanpaolo	'£10,533,000
Titan Europe Pic	Pool of banks	'£24,703,000
Members of Titan Group	Various	£9,987,000 (financial lease)
JTM	lntesa Sanpaolo/Unicredit	'£74,328,000
ltaltractor Landroni Ltda	Intesa Sanpaolo	'£2,215,000

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Part II

Existing Short Term Financial Indebtedness

Debtor	Lender	Financial Indebtedness (£)
Titan Europe Pic	Lloyds	'£7,500,000
Titan Italia S.p.A.	BNUintesa Sanpaolo	'£22,985,000
Titan France S.a.s.	Various	'£1,719,000
Titan Wheels Australia	National Australian Bank	'£2,427,000
Aros del Pacifico S.A.	BBVA	'£1,514,000
Aros del Pacifico S.A.	Various	'£65,000
ITM	Intesa Saopaolo/MPS	'£17,189,000
ITO	**BNL**	'£5,760,000
PYRSA	Various	'£3,173,000
Intertractor	Commerzbank	'£3,716,000
PYRSA	Various	'£781,000
Titan Wheels Australia	Various	'£338,000

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Private & Confidential Execution copy

Dated 2 September 2011

Italtractor I.T.M. S.p.A.
as Borrower

Intesa Sanpaolo S.p.A. as Arranger

Intesa Sanpaolo S.p.A. as ITM Facility Agent

Intesa Sanpaolo S.p.A. as Intercreditor Agent

Titan Europe pic and Italtractor I.T.M. S.p.A.

as ITM Guarantors

and

The Financial Institutions listed in Schedule 1 as ITM Lenders

AMENDMENT AND RESTATEMENT AGREEMENT No. 2
relating to a Euro 130,000,000

FACILITY AGREEMENT
dated 2 February 2006 and amended and restated on 19 May 2009

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THIS AMENDMENT AND RESTATEMENT AGREEMENT No. 2 is dated 2 September 2011 and made in London BETWEEN:

(1) ITALTRACTOR I.T.M. S.p.A. as Borrower;

(2) TITAN EUROPE pic and ITALTRACTOR OPERATIONS S.p.A. as ITM Guarantors;

(3) INTESA SANPAOLO S.p.A. as Arranger;

(4) INTESA SANPAOLO S.p.A. as ITM Facility Agent;

(5) INTESA SANPAOLO S.p.A. as Intercreditor Agent; and

(6) THE FINANCIAL INSTITUTIONS listed in schedule 1 *(The ITM Lenders),* as ITM Lenders. WHEREAS:

(A) This Amendment and Restatement Agreement No. 2 is supplemental to an agreement made between the same parties dated 2 February 2006, amended and restated on 19 May 2009 and further amended on 28 May 2010 and 18 October 2010 (the Principal Agreement), whereby the ITM Lenders agreed to make available to the Borrower a facility of up to Euro 130,000,000.00 upon the terms and subject to the conditions therein contained.

(B) The parties to the Principal Agreement have agreed to enter into this Amendment and Restatement Agreement No. 2 to amend certain provisions of the Principal Agreement upon satisfaction of the conditions precedent indicated in clause 7 *(Conditions precedent).*

NOW IT IS AGREED as follows:

1 Definitions and interpretation

1.1 Definitions in Principal Agreement

1.1.1 Unless the context otherwise requires and save as mentioned below, words and expressions defined in the Principal Agreement shall *have* the same meanings when used in this Amendment and Restatement Agreement.

1.1.2 In addition to the foregoing:

(a) in the Principal Agreement and in this Amendment and Restatement Agreement No. 2 the expression "Amendment and Restatement Agreement No. 2" shall mean this Amendment and Restatement Agreement No. 2; and

(b) the term "Effective Date" has the meaning given to it in clause 7.1 *(Conditions precedent).*

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1.2 Interpretation of Principal Agreement

References in the Principal Agreement to **"this Agreement"** shall unless the context otherwise requires, be references to the Principal Agreement as amended by this Amendment and Restatement Agreement No. 2 and words such as **"herein", "hereof', "hereunder", "hereafter", "hereby"** and **"hereto",** where they appear in the Principal Agreement, shalf be construed accordingly.

1.3 Incorporation of certain references

Clauses 1.2 *(Construction),* 1.3 *(Italian terms)* and 1.4.1 *(Third party rights)* of the Principal Agreement shall be deemed to be incorporated in this Amendment and Restatement Agreement No. 2 in full, mutatis mutandis.

1.4 Designation

In accordance with the Principal Agreement, the parties hereto designate this Amendment and

Restatement Agreement No. 2 as an ITM Finance Document.

2 Amendments to the Principal Agreement

With effect from the Effective Date the Principal Agreement shalf be amended and restated so that it shall be read and construed for all purposes as set out in Schedule 2 (Amended and Restated Agreement).

3 Representations and warranties

Each of the Obligors makes the representations and warranties set out in this clause 3 *(Representations and warranties)* on the date of this Amendment and Restatement Agreement No. 2 and the Effective Date.

3.1 Representations and warranties in Principal Agreement

The Repeating Representations are true and correct as if made at the date of this Amendment and Restatement Agreement No. 2 (or the Effective Date, as applicable) with reference to the facts and circumstances existing at such date.

3.2 Corporate power

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Amendment and Restatement Agreement No. 2 and the transactions contemplated by this Amendment and Restatement Agreement No. 2

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3.3 Binding obligations

The obligations expressed to be assumed by it in this Amendment and Restatement Agreement No. 2 are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to clause 4 *(Conditions of Utilisation)* and Schedule 2 *(Conditions Precedent)* of the Principal Agreement, legal, valid, binding and enforceable obligations.

3.4 No conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Amendment and Restatement Agreement No. 2 do not and will not conflict with:

3.4.1 any law or regulation applicable to it;

3.4.2 its or any of its Subsidiaries' constitutional documents, or

3.4.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

3.5 Consents obtained

All Authorisations required or desirable:

3.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Amendment and Restatement Agreement No. 2, and

3.5.2 to make this Amendment and Restatement Agreement No. 2 admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

3.6 No filings required

Under the law of its jurisdiction of incorporation it is not necessary that this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents or the transactions contemplated by this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents, except for any taxes imposed by Italy and required in connection with the Security Documents or as applicable upon occurrence of a *"caso d'uso"* (case of use) or of *"enunciazione"* (explicit reference), according to articles 6 and 22 of the Presidential Decree n. 131, dated 26 April 1986.

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4 Confirmation of the Guarantor

Each ITM Guarantor acknowledges the amendment and restatement of the Principal Agreement pursuant to clause 2 *(Amendments to the Principal Agreement)* of this Amendment and Restatement Agreement No. 2. Each ITM Guarantor acknowledges and agrees that the amendments to the Principal Agreement set forth in this Amendment and Restatement Agreement No. 2 shall not constitute for the purposes of the Security Documents and the guarantee granted by it pursuant to clause 17 *(Guarantee and indemnity)* of the Principal Agreement, novation of any of the obligations thereunder and confirms that, subject to any amendments to the Security Documents, its obligations under the ITM Finance Documents (including, for the avoidance of doubt, clause 17 *(Guarantee and indemnity)* of the Principal Agreement, and the Security Documents) and any Security, guarantee, suretyship and indemnity provided pursuant thereto, remain in full force and effect.

5 Fees and expenses

5.1 Expenses

Within 5 Business Days of the date of this Amendment and Restatement Agreement No. 2 the Borrower shall pay the ITM Facility Agent and the Arranger the amount of all costs and expenses (including legal fees) incurred by any of them in connection with the negotiation, preparation, printing and execution of this Amendment and Restatement Agreement No. 2 and any other related document.

5.2 Stamp and other duties

The Borrower shall pay and, within three Business Days of demand, indemnify each ITM Finance Party against any cost, loss or liability that that ITM Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Amendment and Restatement Agreement No. 2 and any other related document.

5.3 Fee

The Borrower shall pay to the ITM Facility Agent (for the account of the ITM Lenders) a fee in the amount of €421,818 (the **Upfront Fee).** The Upfront Fee shall be payable to the ITMFacility Agent (for the account of the ITM Lenders) as follows:

(a) 50% by no later than the date falling 10 Business Days from the date of this Amendment and Restatement Agreement No. 2; and

(b) 50% by no later than 30 September 2011.

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6 **Miscellaneous**

6.1 Continuation of Finance Documents

6.1.1 Save as amended by this Amendment and Restatement Agreement No. 2, the provisions of the Finance Documents shall continue in full force and effect and the Principal Agreement and this Amendment and Restatement Agreement No. 2 shall be read and construed as one instrument.

6.1.2 It is hereby acknowledged and agreed that the amendments to the Principal Agreement set forth in this Amendment and Restatement Agreement No. 2 shall not constitute for the purposes of the Security Documents and the guarantee granted by the ITM Guarantors pursuant to clause 17 *(Guarantee and indemnity)* of the Principal Agreement, novation of any of the obligations thereunder and, therefore, the parties hereto acknowledge and agree on the continuation of the Security created under the Security Documents.

6.2 Counterparts

This Amendment and Restatement Agreement No. 2 may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed and delivered shall be an original but all counterparts shall together constitute one and the same instrument.

6.3 Partial invalidity

If, at any time, any provision of this Amendment and Restatement Agreement No. 2 is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision in any other respect or under the law of any other jurisdiction will be affected or impaired in any way.

6.4 No waiver

Save as specifically set out in this Amendment and Restatement Agreement No. 2, no waiver of any provision of any ITM Finance Document is given by the terms of this Amendment and Restatement Agreement No. 2 and the ITM Lenders expressly reserve all their rights and remedies in respect of any breach of, or other Default under the ITM Finance Documents.

6.5 Italian Transparency Provisions- Summary sheet *("Documento di Sintesi')*

For the purposes of the transparency provisions set forth in the CICR Resolution of 4 March 2003 and in the *"Disposizioni sulfa trasparenza delle operazioni e dei servizi bancari e finanziari"* issued by the Bank of Italy and amended from time to time, each party he to acknowledges and confirms that:

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6.5.1 it has appointed and has been assisted by its respective legal counsel in connection with the negotiation, preparation and execution of this Amendment and Restatement Agreement No. 2; and

6.5.2 this Amendment and Restatement Agreement No. 2, and all of its terms and conditions, including the recitals and the schedules hereto, have been specifically negotiated {in Italian, *"oggetto di trattativa individuate")* between the parties hereto.

7 Conditions precedent

7.1 Conditions precedent

The amendments to be made to the Principal Agreement by this Amendment and Restatement Agreement No. 2 shall take effect on and from the date on which the ITM Facility Agent notifies the Company and the ITM Lenders in writing that it has received the following documents in form and substance satisfactory to it (the **Effective Date):**

7.1.1 any Security Document (other than the Intertractor 2011 Share Pledge) or amendment to the Security Documents in form and substance satisfactory to the ITM Facility Agent;

7.1.2 satisfactory evidence that all corporate approvals which are required by the Obligors to approve the terms of, and the transactions contemplated by, this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents have been obtained, including a transcript, certified as true by a Director of the Company, of resolutions of the Board of Directors of the Obligors evidencing approval of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and authorising its appropriate officers to execute and deliver this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and to give all notices and take all other action required by the Obligors under this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents;

7.1.3 specimen signatures of the persons authorised in the resolutions of the Board of Directors referred to in clause 7.1.2 above if different from those delivered in relation to the Principal Agreement;

7.1.4 a copy of any other Authorisation or other document, opinion or assurance which the ITM Facility Agent considers to be necessary or desirable following a change in law, banking regulations or banking practice in connection with the entry into and performance of the transactions contemplated by this Amendment and Restatement Agreement No.2, any Security Document or any amendments to the Security Documents or for the validity and enforceability of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents; and

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7.1.5 evidence that the fees, costs and expenses then due from the Borrower pursuant to clause 5 *(Fees and expenses)* above have been paid.

7.2 Further conditions precedent

The ITM Facility Agent shall only give notice pursuant to clause 7.1 *(Conditions precedent)* above if on the date of such notice:

7.2.1 the representations and warranties set out in clause 3 *(Representations and warranties)* above are true and correct; and

7.2.2 no Default has occurred and is continuing under the ITM Finance Documents.

8 Conditions subsequent

8.1 Within 20 Business Days following the Effective Date, the Borrower shall deliver to the ITM Facility Agent a copy, certified as a true copy by a Director of the Company, of the original resolutions of the Board of Directors of the Borrower and ITM, duly signed and recorded in the relevant minute books, evidencing approval of this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and authorising its appropriate officers to execute and deliver this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents and related documents and to give all notices and take all other action required by the Borrower and ITM under this Amendment and Restatement Agreement No. 2, any Security Document or any amendments to the Security Documents.

8.2 Within 30 days following the date of this Amendment and Restatement Agreement No. 2, the Company and the ITM Facility Agent shall agree a revised hedging policy setting out provisions relating to Hedging Agreements to be entered into pursuant to the Principal Agreement, in the same format as the Hedging Policy.

8.3 Within 30 days following the Effective Date, the Obligors shall procure that the shareholders of Intertractor enter into a new pledge agreement (the Intertractor 2011 Share Pledge) granting a pledge over 100% of the share capital of Intertractor in favour of the Intercreditor Agent for the benefit of the Secured Parties, such pledge agreement to be in form and substance reasonably satisfactory to the Intercreditor Agent and substantially the same form as the Intertractor Share Pledge and to be executed before a notary in Germany.

8.4 Within 10 Business Days following the date of this Amendment and Restatement Agreement No. 2, the Obligors shall procure that the following legal opinions are delivered to the ITM Facility Agent in form and substance satisfactory to the ITM Facility Agent:

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8.4.1 a legal opinion of Gateley LLP as English legal advisers to the Company on power, capacity and due authorisation of the Company in substantially the same form as the legal opinion of HBJ Gateley Wareing issued on 19 May 2009 in connection with the Amendment and Restatement Agreement No. 1; and

8.4.2 a legal opinion of Gianni, Origoni, Grippo & Partners as Italian legal advisers to the Obligors on power, capacity and due authorisation of the Borrower, ITM and NewCo.

9 Governing Law

This Amendment and Restatement Agreement No. 2 shall be governed by English law.

10 Enforcement

The provisions of clause 38. *(Enforcement)* of the Principal Agreement shall apply mutatis mutandis to this Amendment and Restatement Agreement No. 2 as if set out in this Amendment and Restatement Agreement No. 2 in full.

IN WITNESS whereof the parties hereto have caused this Amendment and Restatement Agreement No. 2 to be duly executed the day and year first above written.

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EXECUTION PAGE

THE COMPANY

TITAN EUROPE PLC

acting by a director:

Director

THE BORROWER

ITALTRACTOR I.T.M. S.P.A. acting by a director:

Director

THE ITM GUARANTORS TITAN EUROPE PLC

acting by a director:

Director

ITALTRACTOR OPERATIONS S.P.A.

acting by a director:

Director

THE ARRANGER

SIGNED by

for and on behalf of
INTESA SANPAOLO S.P.A. pursuant to a power of attorney

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THE INTERCREDITOR AGENT

SIGNED by

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

THE ITM FACILITY AGENT

SIGNED by . .

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

THE ITM LENDERS SIGNED by

for and on behalf of

INTESA SANPAOLO S.P.A.

pursuant to a power of attorney

SIGNED by

for and on behalf of

UNICREDIT S.P.A.

pursuant to a power of attorney

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Schedule 1

The ITM Lenders

Name of the ITM Lender
Intesa Sanpalo S.p.A
Unicredit S.p.A

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Schedule 2

Amended and Restated Agreement

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Private & Confidential Execution copy

Dated 2 February 2006
and amended and restated on 19 May
2009 and 2 September 2011

Italtractor I.T.M. S.p.A. as Borrower

Intesa Sanpaolo S.p.A. as Arranger

Intesa Sanpaolo S.p.A. as ITM Facility Agent

Intesa Sanpaolo S.p.A. as Intercreditor Agent

Titan Europe pic and Italtractor Operations S.p.A. as ITM Guarantors

and

The Financial Institutions listed in Part 2 of Schedule 1 as Original ITM Lenders

FACILITIES AGREEMENT

A
NORTON ROSE

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THIS AGREEMENT is dated 2 February 2006 and amended and restated on 19 May 2009 and 2 September 2011 and made in London between:

(1) Italtractor Operations. S.p.A. ("ITM" or the "Borrower");

(2) Intesa Sanpaolo S.p.A. (formerly Banca Intesa S.p.A.) as mandated lead arranger (the "Arranger");

{3) Titan Europe pic and Italtractor Operations S.p.A. ("ITO") as guarantors (the "ITM Guarantors");

(4) The Financial Institutions listed in Part 2 of Schedule 1 *(the Original Parties)* as lenders (the "Original ITM Lenders");

(5) Intesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.} as agent of the other ITM Finance Parties (the "ITM Facility Agent");

(6) Intesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.) as intercreditor agent of the Secured Parties (the "Intercreditor Agent").

WHEREAS:

(A) the Company has acquired the Rome Group (as defined below) through the acquisition of the entire share capital of NewCo, 17.74 per cent. of the shares in ITM (all as defined below) and 1 per cent. of the shares in Italtractor ITM S.A. a company incorporated and existing under the laws of the Grand Duchy of Luxembourg and having its registered office at 23 Avenue Monterey, L-2086, Luxembourg (Luxco) pursuant to the Acquisition Documents (as defined below) (the "Acquisition"). The 1 per cent of the shares in Luxco were subsequently transferred to NewCo (as defined below);

(B) the Company's enlarged share capital has been admitted to trading on the alternative investments market ("AIM"} in accordance with the rules of AIM (the "Admission") on the basis of, inter alia, an admission document dated 7 December 2005 prepared for the purpose of filing the application for the Admission (the "Admission Document");

(C) the Company wishes to secure the financial means to implement a restructuring plan of certain outstanding indebtedness of the Rome Group and has requested that the Facility be made available to the Borrower;

(D) the Company has further requested that a €40,000,000 facility is provided to ITO as part of the restructuring plan referred to in recital (C) above (the "ITO Facility");

;

(E) on 1 January 2007 Banca lntesa S.p.A. changed its corporate name to lntesa Sanpaolo S.p.A.;

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(F) on 20th October 2008 Banca di Roma S.p.A. and Bipop Carire S.p.A., *inter alias,* were merged into and formed part of Unicredit S.p.A., which became the legal successor in all the rights and obligations of Banca di Roma S.p.A. and Bipop Carire S.p.A.. On the same date Unicredit S.p.A. assigned its Corporate line of business *(Ramo di Azienda Corporate)* (comprehensive of any right and obligation formerly of Banca di Roma S.p.A. and Bipop Carire S.p.A. pertaining to this Agreement) to Unicredit Corporate Banking S.p.A. Subsequently, as of 1 November 2010, Unicredit Corporate Banking S.p.A has been merged into and is now part of Unicredit S.p.A., which became the legal successor in all the rights and obligations of Unicredit Corporate Banking S.p.A.;

(G) pursuant to a resolution passed at an extraordinary shareholders' meeting of 19 December

2006, NewCo S.p.A. changed its corporate name to "Titan ITM Holding S.p.A." and its registered office was moved to Crespellano (Bologna), *Via* Confortino no. 23/28, Localita Calcara;

(H) the Revolving Facility has been repaid in full by the Borrower and automatically cancelled at the end of the relevant Availability Period;

·(I) pursuant to the Amendment and Restatement Agreement No.1 the Parties agreed to amend the repayment schedule in respect of the loans outstanding under the Facility as at the date of the Amendment and Restatement Agreement No.1;

{J) the.principal amount outstanding ofthe loans made under the Term Loan Facility as at the date of the Amendment and Restatement Agreement No. 2 is €72,000,000 and the Borrower has requested (amongst other amendments) that such principal amount be divided into two Term Loans, being the Term Loan A in a principal amount of €60,000,000, and the Term Loan B in a principal amount of €12,000,000.

IT IS **AGREED** as follows:

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SECTION 1

INTERPRETATION

1 Definitions and interpretation

1.1 Definitions

In this Agreement, including the recitals:

"Acquisition" has the meaning given to it in recital (A).

"Acquisition Documents" means:

(a) a share option agreement dated 18 July 2005 and entered into by the Shareholders in NewCo and ITM in favour of the Company (as amended on 7 December 2005 (the "Option Agreement"));

(b) an option notice dated 7 December 2005 from the Company to the shareholders of NewCo and ITM (the "Option Notice"); and

(c) any other document entered into or to be entered into for the purpose of implementing the transaction contemplated in the Option Agreement.

"Admission" has the meaning given to it in recital (B).

"Admission Document" has the meaning given to it in recital (B).

"Affiiiate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"AIM" has the meaning given to it in recital (B).

"Amendment and Restatement Agreement No.1" means the amendment and restatement agreement dated 19 May 2009, whereby the Parties hereto have amended and restated this Agreement upon the terms and subject to the conditions set out therein.

"Amendment and Restatement Agreement No.2" means the amendment and restatement agreement dated 2 September 2011, whereby the Parties hereto have amended and restated this Agreement upon the terms and subject to the conditions set out therein.

"Approved Market" means either (i) AIM; or (ii) the Official List of the London Stock Exchange or any other recognised investment exchange, reasonably acceptable to the Intercreditor Agent.

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

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"Availability Period" means:

(a) in relation to the Revolving Facility, the period from and including the date of this Agreement to and including 31 May 2007; and

(b) in relation to the Term Loan Facility, the period from and including the date of this Agreement to and including 31January 2008.

"Available Commitment" means, in relation to a Facility, an ITM Lender's Commitment under that Facility minus:

(a) the amount of its participation in any outstanding Loans under that Facility; and

(b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date,

other than, in relation to any proposed Utilisation under the Revolving Facility, that ITM Lender's participation in any Revolving Loans that are due to be repaid or prepaid on or before the proposed Utilisation Date.

"Available Facility" means, in relation to a Facility, the aggregate for the time being of each ITM Lender's Available Commitment in respect of that Facility.

"Bond" means the "€100,000,000, 6.5% Guaranteed Notes due 2004" issued by Luxco and guaranteed by ITM (ISIN code no. XS0141764620).

"Bond Account" means the account held with Intesa Sanpaolo S.p.A (formerly Banca Intesa S.p.A.) in the name of the Company into which the Notes must be deposited following their purchase or redemption.

"Break Costs" means the amount (if any) by which:

(a) the interest which an ITM Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principalamount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that ITM Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

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"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in Milan and London and which is also a TARGET Day.

"Business Plan" means business plan for the Titan Group for the period 2011 to 2015 dated April 2011, a copy of which is in the agreed form, as revised from time to time in accordance with the ITM Finance Documents and in consultation with the ITM Facility Agent.

"Cashflow" means, in respect of any period, cash generated from operations, less income taxes paid, less net cash used in investing activities, less dividends paid, plus any proceeds from the issue of shares, and provided that no amount is taken into account more than once.

"Calculation Date" means 31 December 2009 and each 30 June and 31 December in each year thereafter until the end of the Facility Period.

"Commitment" means the Term Loan Commitment or the Revolving Facility Commitment.

"Company" means Titan Europe pic, a public limited company incorporated and existing under the laws of England and Wales with company number 03018340 and having its registered office at Bridge Road, Coakley, Kidderminster, Worcestershire, DY10 3SD, United Kingdom.

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 6

(Form of Compliance Certificate).

"Consolidated Net Interest Payable" means, in respect of any relevant period, the aggregate amount of the interest (including the interest element of leasing and hire purchase payments and capitalised interest), commission, fees, discounts and other finance payments payable by any member of the Titan Group (including any commission, fees, discounts and other finance payments payable by any such member of the Titan Group under any hedging arrangement but deducting any commission, fees, discounts and other finance payments receivable by it under any interest rate hedging instrument) in respect of Financial Indebtedness but· deducting any other interest receivable by any member of the Titan Group on any deposit or bank account and any interest payable in respect of the Convertible Credits and excluding any interest charged (but not payable) as a result of the fair value adjustment of the Convertible Credits and other loans under the Framework Agreement.

"Convertible Credits means the portion of the consideration payable by the Company to the Existing Banks under the Framework Agreement, together with accrued interest on such consideration, the payment of which is deferred to a date falling on the eighth anniversary of the Framework Agreement (which indebtedness and interest may be converted, at the option of an Existing Bank, into shares in the Company).

"Currently Planned Financial Indebtedness" means additional Financial Indebtedness from time to time to be incurred by members of the Titan Group not exceeding in any financial year

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€5,000,000 in aggregate in respect of general borrowings and €6,000,000 in aggregate in respectoffinanceleases.

"Debt Service" means, in respect of any period, the aggregate of all cash payments made by the Titan Group in such period in respect of:

(a) interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness excluding such items relating to intra-group indebtedness; and

(b) repayments and prepayments of Financial Indebtedness, excluding

(i) any prepayment made under clause 7.6 *(Mandatory prepayment - Excess Cashflow);*

(ii) any amounts falling due under Short Term Financial Indebtedness (except in . respect of Short Term Financial Indebtedness that is accelerated or terminated); and

(iii) repayments of intra-group indebtedness

and provided that no amount is taken into account more than once.

"Debt Service Cover Ratio" means, in respect of any period, the ratio of Cashflow to Debt Service.

"Default" means ali Event of Default or any event or circumstance specified in clause 22 *(Events of Default)* which would (with the expiry of a grace period, the giving of notice, the making of any determination under the ITM Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Disruption Event" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the ITM Finance Documents to be carried out)which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the ITM Finance Documents; or

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(ii) from communicating with other Parties in accordance with the terms of the ITM Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"Distribution" means any payment of dividends or other distribution (whether in cash or in kind) and any bonus issue or any return of capital including any payment in respect, or on the redemption, of any share capital whether at a premium or otherwise.

"EBITDA" means, in respect of any period, the consolidated profit on ordinary activities of the Titan Group for such period:

{a) before any exceptional items and extraordinary items (including any costs of restructuring the Titan Group following the Acquisition);

(b) after deducting (to the extent otherwise included) any gain over book value earned by a *member* of the Titan Group, and after adding back (to the extent otherwise deducted) any loss against book value incurred by a member of the Titan Group, on:

{iv) a disposal of an asset (not being an asset disposed of in the ordinary course of trading); and/or

(v) a revaluation of an asset.

(c) after adding back (to the extent otherwise deducted) the costs for the Acquisition and any amortisation thereof;

(d) after adding back {to the extent otherwise deducted) amortisation and impairment charges in relation to goodwill and other intangible assets;

{e) after adding back (to the extent otherwise deducted) depreciation and impairment charges;

(f) before any deduction for interest payable by any member of the Titan Group;
(g) before Tax;
(h) before taking into account the applicable share of any profit (except to the extent received by a member of the Titan Group in cash) or loss of any joint venture, associate or other person which is not a member of the Titan Group;
(i) before provision for any employee costs arising from share options or other employee share incentives; and

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j) after deducting (to the extent otherwise included) profits {or adding back losses)

attributable to minority interests in members of the Titan Group,

in each case for such period. When used in relation to an individual member of the Titan Group, "EBITDA" shall be construed to mean the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA, *mutatis mutandis)* of that member of the Titan Group calculated on an unconsolidated basis.

"EURIBOR" means, in relation to any Loan:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the ITM Facility Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in euro for a period comparable to the Interest Period of the relevant Loan.

"euro" and "€" means the single currency of the Participating Member States.

"Event of Default" means any event or circumstance specified as such in clause 22 *(Events of Default).*

"Excess Cashflow·means for aliy financial year of the Titan Group, the amount by which the aggregate of:

(a) Cashflow; less

(b) any of such Cashflow generated by any member of the Titan Group which the relevant member of the Titan Group is not permitted to distribute lend or transfer to the Rome Group or Titan Europe or where to do so would cause material taxation or other liabilities to be incurred; less

(c) provision for any Distribution to be made by Titan Europe pic in respect of such financial year (unless such Distribution is prohibited under this Agreement);

exceeds 140% of Debt Service for such financial year.

"Existing Banks" means collectively Abaxbank S.p.A., Banca Agricola Mantovana S.p.A., Banca CRV Cassa di Risparmio eli Vignola S.p.A., Unicredit S.p.A (formerly Unicredit Corporate Banking S.p.A, Banca di Roma S.p.A and Bipop Carire S.p.A}, Intesa Sanpaolo S.p.A. (formerly Banca lntesa S.p.A.), Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del

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Lavoro S.p.A., Banca Popolare deii'Emilia Romagna S.p.A., Banco di Sicilia S.p.A., Banco Popolare di Verona e Novara S.c.r.l, Centrobanca S.p.A., Credito Emiliano S.p.A., Interbanca S.p.A., S.p.A., Mediocredito Trentino S.p.A., Meliorbanca S.p.A., CARISBO - Cassa di Risparmio In Bologna S.p.A, Unicredit Banca Mediocredito S.p.A. and "Existing Bank" means any one them.

"Existing Debt Chart" means a paper describing all Financial Indebtedness owed by the Rome Group to third parties under existing facilities pre completion of the Acquisition.

"Existing Secured Facilities" means collectively: (a) the $24,385,000 facility owed by Intertractor America Co. as borrower to La Salle Bank N.A.; and (b) the Reals 29,251,000 facility owed by Italtractor Brazil to Banco National do Desenvolvimento.

"Extension Option" means the option to extend the maturity of all or any part of the Loan B outstanding as at the Termination Date in accordance with clause 6.3 *(Extension Option).*

"Facility" means the Revolving Facility or the Term Loan Facility.

"Facility Office" means the office or offices notified by an ITM Lender to the ITM Facility Agent in writing on or before the date it becomes an ITM Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"Facility Period" means the period from the date of this Agreement until all amounts (actual or contingent) payable by any Obligor under the ITM Finance Documents have been unconditionally and irrevocably paid or discharged in full by or on behalf of such Obligor to the satisfaction of the ITM Finance Parties.

"Fee Letter" means any letter or letters dated on or about the date of this Agreement between the Arranger, the Intercreditor Agent, the ITM Facility Agent and the Company setting out any of the fees referred to in clause 11 *(Fees).*

"Financial Covenants" means the covenants contained in clause 20 *(Financial covenants).*

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed;
(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (including the Convertible Credits);

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(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, IAS or IFRS (as applicable), be treated as a finance or capital lease;

e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market valueshall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Financial Quarter Day" means each 31 March, 30 June, 30 September and 31 December in any year.

"First Repayment Date" means 31 January 2011.

"First Triggering Date" means the date (being not earlier than the First Repayment Date) on which the Borrower delivers a Compliance Certificate showing that the Net Financial Indebtedness to EBITDA ratio is equal to or Jess than 3:1.

"Framework Agreement" means an agreement entered or to be entered into on or around the 21 December 2005 between, *inter* alios, the Existing Banks and the Company providing, inter alia, for the without recourse assignment to the Company of certain existing indebtedness of the Rome Group owed to the Existing Banks.

"GAAP" means:

(a) in relation to the Borrower and ITM, generally accepted accounting principles in Italy; and

(b) in relation to the Company, generally accepted accounting principles in the United Kingdom.

"Group" means the Titan Group or the Rome Group.

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"Hedging Policy" means the provisions relating to Hedging Agreements set out in Schedule 10 *(Hedging Policy),* as revised from time to time in accordance with the ITM Finance Documents and in consultation with the ITM Facility Agent

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"IAS" means the International Accounting Standards, as amended, replaced or supplemented from time to time by the InternationalFinancial Reporting Standards.

· "IFRS" means International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board.

"Intercreditor Deed" means the. intercreditor deed dated as of the date hereof between inter alia the Obligors, the Intercreditor Agent, the ITM Facility Agent, the ITM Lenders and the ITM Lenders.

"Interest Payment Date" means:

(a) in respect of a Term Loan, each 31 January, 30 April, 31 July and 31 October in any year;

(b) in respect of the Revolving Loan, the last Business Day of each Month in any year.

"Interest Period" means, in relation to a Loan, each period determined in accordance with clause 9 *(Interest Periods)* and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.3 *(Default interest).*

"Intertractor" means Titan Intertractor GmbH, a joint stock company incorporated and existing under the laws of Germany and having its registered office at Hagener Strasse 325, D-58285 Gevelsberg, Germany.

"Intertractor Acknowledgement of Debt" means the agreement acknowledging the debt owed by the Obligors to the ITM Finance Parties to be entered into by the Obligors in form and substance reasonably satisfactory to the Intercreditor Agent.

"Intertractor Share Pledge" means a pledge agreement granting a pledge over 100% of the share capital of Intertractor for the benefit of the Secured Parties to be entered into by the shareholders in Intertractor in form and substance reasonably satisfactory to the Intercreditor Agent.

"Intertractor 2011 Share Pledge" means a pledge agreement granting a pledge over 100% of the share capital of Intertractor for the benefit of the Secured Parties to be entered into by the shareholders in Intertractor pursuant to the Amendment and Restatement Agreement No.2 in

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form and substance reasonably satisfactory to the Intercreditor Agent and substantially the same form as the Intertractor Share Pledge.

"Intertractor USA" means Intertractor America Co., a company incorporated and existing under the laws of the state Wisconsin and having its registered office at 960 Proctor Drive, 53121 Elkhorn (WI), United States of America.

"Intertractor USA Share Pledge" means a pledge agreement granting a first priority pledge over 100% of the shares of Italtractor USA in favour of the Secured Parties to be entered into by the shareholders in Intertractor USA in accordance with clause 21.9.2 in form and substance reasonably satisfactory to the Intercreditor Agent.

"Italian Resident Lender" means an institution which, at any time:

(a) is authorised or licensed to carry out banking activities within the territory of Italy pursuant to Legislative Decree No. 385 dated 1 September 1993; or

(b) is a financial institution pursuant to Article 107 of Legislative Decree No. 385 dated 1 September 1993; or

(c) is a branch office iri Italy of an institution which is authorised or licensed in a country which is a member state of the European Union to carry out banking activities; and

(d) in each case is deemed to be tax resident in Italy pursuant to applicable Italian tax laws.

"Italian Security Documents" has the meaning given to it in the Intercreditor Deed.

"Italtractor Brazil" means Italtractor Landroni Ltda, a company incorporated and existing under the laws of Brazil and having its registered office at Rodovia Edgard Maximo Zambotto, km 79, Atibaia (SP), Brazil.

"Italy" means the Italian Republic.

"ITM" means Italtractor I.T.M. S.p.A., a joint stock company *(societa per aziom)* incorporated and existing under the laws of Italy and having its registered office at Zona Industriale Loc. Betlemme, 85100 Potenza, Italy.

"ITM Finance Document" means:

(a) this Agreement;
(b) any Fee Letter;

(c) the ITO Facility Agreement;

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(d) the Intercreditor Deed;

(e) any ITM Hedging Agreement;
(f) any Security Document;
(g) the Amendment and Restatement Agreement No. 1

(h) the Amendment and Restatement Agreement No. 2; and

(i) · any other document designated as such by the Intercreditor Agent and the Borrower.

"ITM Finance Parties" means the Intercreditor Agent, ITM Facility Agent, the Arranger, an ITM Lender or an ITM Hedging Bank.

"ITM Hedging Agreement" means any agreement or instrument relating to the protection against or benefit from any rate or price (including a swap, option, cap, collar, forward or floor) and any other derivative or risk hedging agreement or instrument entered into in connection with the Term Loan Facility and in accordance with the Hedging Policy.

"ITM Hedging Banks" means a person that has entered into an ITM Hedging Agreement with the Borrower and who, at the date of entering into the ITM Hedging Agreement, satisfies the requirements of paragraph 2.2 of Schedule 10 *(Hedging Policy).*

"ITM Facility" has the meaning given to it in recital (D).

"ITM Lender" means:

(a) any OriginaiiTM Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with clause 23 *(Changes to the ITM Lenders),*

which in each case has not ceased to be a Party in accordance with the terms of this

Agreement.

"ITM Share Pledge" means a pledge agreement granting a pledge over 100% of the shares in ITM in favour of the Secured Parties to be entered into by the shareholders in ITM in form and substance reasonably satisfactory to the Intercreditor Agent.

"ITO" means ltaftractor Operations S.p.A., a joint stock company *(societa per aziom)* incorporated and existing under the laws of Italy and having its registered office at Via per Modena 152, 41014 Castelvetro di Modena, Italy.

"ITO Facility" has the meaning given to it in recital (0).

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"ITO Facility Agent" means Intesa Sanpaolo S.p.A. in its capacity as agent under the ITM Facility Agreement.

"ITO Facility Agreement" means a facility agreement date as of the date hereof in relation to the ITM Facility and made, inter alios, between ITM as borrower, the Company and ITM as guarantors and the ITM Lenders.

"ITO Lenders" means the financial institutions named as original lenders in the ITO Facility Agreement.

"Loan" means a Revolving Loan or a Term Loan.

"Majority ITM Lenders" means:

(a) if there are no Loans then outstanding, an ITM Lender or ITM Lenders whose Commitments aggregate more than 66%% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66%% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, an ITM Lender or ITM Lenders whose participations in the Loans then outstanding aggregate more than 66%% of all the Loans then outstanding.

"Majority Senior Lenders" has the meaning given to it in the Intercreditor Deed. "Margin" means:

(a) in relation to any Revolving Loan 1.00 per cent. per annum;

(b) in relation to any Term Loan 3.50 per cent. per annum, provided that if:

(i) no Event of Default has occurred which is continuing; and

(ii) the ratio of the aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITM Finance Document) to EBITDA on the most recent Calculation Date falling on or after 30 June 2011 is within a range set out below,

then the Margin for each Term Loan will be the percentage per annum set out below in the column opposite that range:

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Ratio of Net Financial Indebtedness to EBITDA	Margin
Greater than 3.5:1	3.75 per cent. per annum
Less than or equal to 3.5:1 but greater than 3.0:1	3.50 per cent. per annum
Less than or equal to 3.0:1 but greater than 2.5:1	3.25 per cent. per annum
Less than or equal to 2.5:1 but greater than 2.0:1	2.75 per cent. per annum
Less than or equal to 2.0:1	2.50 per cent. per annum

However:

(A) any increase or decrease in the Margin for a Term Loan shall take effect on the date which is the first day of the Interest Period following receipt by the ITM Facility Agent of the Compliance Certificate for a period ending on the relevant Calculation Date pursuant to 19.2 *(Compliance Certificate);*

(B) if, following receipt by the ITM Facility Agent of the financial statements to be delivered pursuant to clause 19.1 *(Financial Statements)* and the relevant Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin, then the Margin for .a Loan shall be the percentage per annum determined using the table above and the revised ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITM Finance Document) to EBITDA calculated using the figures in the Compliance Certificate; and

(C) while 1) an Event of Default is continuing or 2) any requirement of clause 20 *(Financial covenants)* is not satisfied, the Margin for any Loan shall be 3.75 per cent. per annum.

"Material Adverse Effect" means an effect or likely effect which is, or would be, material and adverse on:

(a) the business or financial condition of the Titan Group (taken as a whole);

(b) the ability of any Obligor to perform its financial obligations under any ITM Finance Document;

(c) the validity or enforceability of any ITM Finance Document;

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(d) the Security created under any Security Document or the ranking of such Security; or

{e) any right or remedy of an ITM Finance Party under an ITM Finance Document.

"Material Company" means, at any time: (a) an Obligor; or
(b) a wholly-owned member of the Titan Group that directly or indirectly holds shares in an Obligor; or

(c) a member of the Titan Group which: (i) is an Operating Affiliate; or
(ii) has gross assets, net assets or turnover (excluding intra-group items) which represents at least 10 per cent. of EBITDA, gross assets, net assets or turnover of the Titan Group, calculated on a consolidated basis

Compliance with the conditions set out in paragraph (c)(ii) shall be determined by reference to the most recent Compliance Certificate supplied under this Agreement and the latest audited consolidated financial statements of the Titan Group.

"Maximum Indebtedness Amount" means, at any date of determination, the difference between (a) €144,500,000 minus (b) the principal amount outstanding of the ITO Facility as at that date of determination; minus (c) the principal amount outstanding (or its equivalent in euro) of the Existing Secured Facilities as at that date of determination.

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month;and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

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"Net Financial Indebtedness" means, at any date of determination, any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (including the Convertible Credits);

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, IAS or IFRS (as applicable), be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above,

less,

cash and cash equivalent investments.

"Net Worth" meens at any time and in respect of the Titan Group, the aggregate at such time of:

(a) the amount paid up or credited as paid up on the issued share capital of the Company (excluding any amount in respect of issued share capital that is required to be classified as a financial liability in accordance with the applicable GAAP);

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(b) the amount standing to the credit of the share premium account of the Company (excluding any amount in respect of issued share capital that is required to be classified as a financial liability in accordance with the applicable GAAP);

(c) the amount standing to the credit (or less the amount standing to the debit) on the consolidated capital and revenue reserves of the Titan Group;

but after deducting the aggregate of:

(i) any amount in respect of goodwill and other intangible assets of the Titan Group;

(ii) any amount of the capital reserves of the Titan Group arising from the writing up of the book value of assets;

(iii} any amount of the revenue or other reserves of the Titan Group created by any surplus on the sale of any investment or other asset (not including stock-in-trade} of the Group; and

(iv} any amount attributable to minority interests.

"NewCo" means Titan ITM Holding S.p.A., a joint stock company .*(societe per aziom)* incorporated and existing under the laws of Italy and having its registered office at Crespellano (Bologna}, Via Confortino no. 23/28, Localita Calcara, Italy.

"NewCo Share Pledge" means a pledge agreement granting a shares pledge over 100% of the share capital of NewCo for the benefit of the Secured Parties entered into by the shareholders in NewCo.

"NewCo 2007 Share Pledge" means a pledge agreement over 100% of the increase in share capital of NewCo pursuant to the resolution of Newco dated 19 December 2006 for the benefit of the Secured Parties entered into on 26 January 2007 by the shareholders in NewCo.

"Notes" means the notes issued in respect of the Bond.

"New Holder" has the meaning given to it in clause 5.3.7(a).

"Obligor" means the Company, the Borrower or each ITM Guarantor.

"Operating Affiliates" means collectively:

(a) intertractor USA;

(b) Italtractor Brazil;

(c) Intertractor; and

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(d) NewCo.

"Option Notice" has the meaning given to it in paragraph (b) of the definition of Acquisition Documents.

"Original FinancialStatements" means:

(a) in relation to the Company, its audited consolidated financial statements of the Titan Group for the financial year ended 31 December 2004; and

(b) in relation to the Borrower, its audited financial statements for the financial year ended on 31 December 2004 and the audited consolidated semi annual financial statements of NewCo for the period up to 30 June 2005.

"Outstanding Amount" means at any time of determination, the principal amount outstanding of the Facilities.

"Participating Member State" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Party" means a party to this Agreement.

"Passin! Group S.r.l." means Passini Group S.r.l., a limited liability company *(societe a responsabilita limitata),* incorporated and existing under the laws of Italy and having its registered office at Via Cesare Costa 19/d,41100 Modena, Italy.

"Permitted Acquisitions" means at any time after the First Repayment Date, acquisition of a company or companies having an enterprise value (in aggregate) not exceeding €10,000,000 or its equivalent in any currency (it being understood that the "enterprise value" of the company shall be the value of its liabilities plus the net worth of such company) or otherwise with the prior written consent of the lntercreditor Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld.

"Permitted Disposals" means:

(a) up to and including the First Repayment Date, any sale, lease, transfer or other disposal:

(i) made in the ordinary course of trading of the disposing entity;

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(ii) of assets in exchange for other assets comparable or superior as to type, value and quality;

(iii) of the assets identified in the audited financial statements of the Group for the year ended 31 December 2008 as being held for safe and (valued at £4,647,000 in such financial statements);

(iv) of assets from one member of the Group to another member of the Group provided that the acquiring company has not granted Security to any third party;

(v) of obsolete or redundant assets for cash; or

(vi) of receivables under any agreement relating to the provision of Short Term Financial Indebtedness; and

(b) thereafter, any safe, lease, transfer or other disposal:

(i) under paragraph (a) of this definition; or

{ii) where the higher of the market value or consideration receivable {when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal, other than any permitted under sub-paragraph (i) above) does not exceed €5,000,000 (or its equivalent in another currency or currencies) in any financial year.

"Permitted FinancialIndebtedness" means:

(a) up to and including the First Repayment Date:

(i) Financial Indebtedness incurred under facilities existing as of the date of the Amendment and Restatement Agreement No.1 as listed in Schedule 11 *(Existing Financial Indebtedness)* as the same may from time to time be replaced, renewed or varied provided that the amount that is replaced, renewed or varied does not exceed the amount of the relevant facilities as at the date of the Amendment and Restatement Agreement No.1 and provided further that if, at any time: (i) the aggregate Financial Indebtedness of the Titan Group under the faci!ities referred to in Schedule 11 *(Existing Financial Indebtedness)* is less than (ii) the aggregate maximum amount permitted under this paragraph (a)(i) (as shown in column 3 (headed "Financial Indebtedness") of Part I (Existing Financial Indebtedness) and Part II (Existing Short Term FinancialIndebtedness) of Schedule 11 *(Existing Financial Indebtedness))* (such difference, the Shortfall), the Titan Group may incur Financial Indebtedness not exceeding, in aggregate, the Shortfall under new facilities entered into by any member of the Titan Group, whether or not such

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new facilities replace, renew or vary facilities in existence at the date of the ITM Facility Agreement. It is understood that such new facilities shall constitute Permitted Financial Indebtedness under this paragraph (a} provided alwo; ys that the aggregate amount of all Financial Indebtedness under the existing facilities listed in Schedule 11 *(Existing Financial Indebtedness}* (as they may, from time to time, be replaced, renewed or varied) and any such additional facilities entered into pursuant to this paragraph (a){i), does not exceed the aggregate maximum amount of Financial Indebtedness permitted under this paragraph (a), as shown in the columns headed "Financial Indebtedness" in Parts I (Existing Financial Indebtedness) and II (Existing Short Term Financial Indebtedness) of Schedule 11 *(Existing Financial Indebtedness)*

(ii} intercompany loans within the Titan Group;

(iii) Currently Planned Financial Indebtedness; and

(iv) Short Term Financial Indebtedness; and

(v) Financial Indebtedness incurred with the written consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders);and

(b) from the day immediately after the First Repayment Date, to the First Triggering Date:

(i) Financial Indebtedness referred to in paragraph (a) above; and

(ii) any other Financial Indebtedness not exceeding in aggregate €10,000,000 (or its equivalent in any currency);

(c) thereafter:

(i) Financial Indebtedness referred to in paragraphs (a) and (b) above (save that the consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders) under sub-paragraph {a)(v) shall not be unreasonably withheld);

(ii) intercompany loans within the Titan Group; and

(iii) any other Financial Indebtedness which does not cause the ratio of Net Financial Indebtedness to EBITDA to exceed the relevant level required under clause 20.1.1(b).

"Permitted Loans" means:

(a) up to an including the First Repayment Date:

(i) intercompany loans within the Titan Group;

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(ii) loans made in accordance with normal trade credit;

(iii) loans made in accordance with the Business Plan in respect of investments in India and China;

(iv) short-term loans to employees not exceeding £5,000 or its equivalent in any other currency;

(v) loans made with the written consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders); and

(b) thereafter:

(i) loans permitted under paragraph (a) above (save that the consent of the Intercreditor Agent (acting on the instructions of the Majority Lenders) under s - paragraph (a)(vi) shall not be unreasonably withheld);

(ii) intercompany loans within the Titan Group;

(iii) loans to third parties, provided that such loans to third parties shall not exceed in aggregate €5,000,000 (or any equivalent in any currency).

"Permitted Security Interest" means:

(a) up to and including the First Repayment Date:

(i) any netting or set-off arrangement entered into by any member of the Titan Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(ii) any lien arising by operation of law and in the ordinary course of trading;

(iii) any Security entered into pursuant to any Security Document; or

(iv) any Security over or affecting any asset of Titan Steel if such Security is required by Lloyds TSB Bank pic or its Affiliates to secure indebtedness the principal amount of which does not exceed £15,000,000 (or its .equivalent in another currency or currencies) provided that, prior to the .creation of the Security, Titan Steel shall provide the other ITM Lenders (through the ITM Facility Agent) with details of the nature, type and extent of the Security and the progress of negotiations in relation .to such Security;

(v) any Security held by Intesa Sanpaolo S.p.A. in respect of the facilities provided to Intertractor USA as at the date of the Amendment and Restated Agreement; or

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(vi) any Security created under further insurance obligations of the relevant member of the Titan Group owed to the ITM Finance Parties in relation to the Security Documents or to Intesa Sanpaolo S.p.A. in relation to the facilities referred to in sub-paragraph (a)(v) above; and

(b) thereafter:

(i) any Security permitted under paragraph (a) above;

(ii) any Security over or affecting any asset acquired by a member of the Titan Group after the First Repayment Date if:

(A) the Security was not created in contemplation of the acquisition of that asset by a member of the Titan Group;

(B) the principal amount secured has not been increased in contemplation or since the acquisition of that asset by a member of the Titan Group; and

(C) the Security is removed or discharged within 6 Months of the date of acquisition of such asset; or

(iii) any Security over or affecting any asset of any company which becomes a member of the Titan Group after the First Repayment Date, where the Security is created prior to the date on which that company becomes a member of the Titan Group, if:

(A) the Security was not created in contemplation of the acquisition of that company;

(B) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(C) the Security is removed or discharged within 6 Months of that company becoming a member of the Titan Group;

(iv) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by any member of the Titan Group other than any permitted under paragraphs (b)(i) to (b) (iii) above) does not exceed €15,000,000 (or its equivalent in another currency or currencies).

"Placing" has the meaning given to it in recital (B).

"Qualifying Lender" means a bank or other financial institution:

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(a) which is an Italian Resident Lender lending through a Facility Office located in Italy; or

(b) has the benefit of a complete exemption from Italian withholding tax pursuant to an applicable tax treaty.

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two TARGET Days before the first day of that period unless market practice differs in the Relevant Interbank Market, in which case the Quotation Day will be determined by the ITM Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"Reference Banks" means the principal office in Milan of lntesa Sanpaolo S.p.A., Unicredit S.p.A. and San Paolo IMI S.p.A. or such other banks as may be appointed by the ITM Facil" Agent in consultation with the Borrower.

"Relevant Interbank Market" means the European interbank market

"Relevant Period" means each rolling period of twelve months ending on a Financial Quarter Day.

"Repayment Date" means each date specified in the first column of Schedule 9 *(Repayment Schedule).*

"Repayment Instalment" means each instalment for the repayment of the Loan A.

"Repeating Representations" means each of the representations repeated or deemed to be repeated under clause 18.21 *(Time for making the representations).*

"Revised Business Plan" has the meaning·given to it in clause 19.4.6.

"Revolving Accounts" means the accounts of the Borrower held with the ITM Facility Agent at its Via deii'Universita, Modena branch having the following details: (i) in relation to euro, IBAN number IT84 U030 6912 9306 1(524 7695 209, ABI 3069, CAB 12930, account number 6 1524 7695 209; (ii) in relation to US dollars, IBAN number IT03 0030 6912 9300 0700 0006 148, ABI 3069, CAB 12930, account number 7000006148.

"Revolving Facility" means the revolving facility made available under this Agreement as described in clause 2 *(The Facilities).*

"Revolving Facility Commitment" means:

(a} in relation to an Original ITM Lender, the amount set opposite its name under the heading "Revolving Facility Commitment" in Part 2 of Schedule 1 *(The Original Parties)* and the

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amount of any other Revolving Facility Commitment transferred to it under this Agreement; and

(b) in relation to any other ITM Lender, the amount of any Revolving Facility Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Revolving Loan" means a loan made or to be made under the Revolving Facility or the principal amount outstandingfor the time being of that loan.

"Rollover Loan" means one or more Revolving Loans:

(a) made or to be made on the same day that a maturing Revolving Loan is due to be repaid;
(b) the aggregate amount of which is equal to or less than the maturing Revolving Loan; and
(c) made or to be made to the Borrower for the purpose of refinancing a maturing Revolving Loan.

"Rome Group" means NewCo and its Subsidiaries as at the date of completion of the Acquisition.

"Screen Rate" means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Telerate screen. If the agreed page is replaced or service ceases to be available, the ITM Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the ITM Lenders.

"Secured Parties" has the meaning given to it in the Intercreditor Deed.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Documents" means:

(a) the Intertractor USA Shares Pledge (when entered into);

(b) the NewCo Share Pledge;

(c) the Newco 2007 Share Pledge;

{d) the Intertractor Acknowledgement of Debt;

(e) the Intertractor Share Pledge;

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(f) the Intertractor 2011 Share Plege;

(g) the ITM Share Pledge;

(h) the ITM Share Pledge; and

(i) any other document designated as such by the Intercreditor Agent acting reasonably.

"Security Provider" means a person that is from time to time party to one or more Security Documents pursuant to which it grants any Security in favour of the Secured Parties otherwise for the benefit of the Secured Parties.

"Short Term Financial Indebtedness" means any unsecured Financial Indebtedness having a term not exceeding 12 months for or in respect of receivables sold or discounted or under any overdraft or other form of short term working capital finance in an aggregate amount not exceeding at any one time the aggregate maximum amount of facilities for similar short term Financial Indebtedness existing as at 17 April 2009 as shown in Schedule 11 *(Existing Financial Indebtedness).*

"Specified Time" means a time determined in accordance with Schedule 8 *(Timetables).*

"Structure Memorandum" means a structure paper describing the Titan Group pre and post completion of the Acquisition.

"Subsidiary" means in respect of any person, any entity which is controlled directly or indirectly by that person or of whose dividends or distributions that person is entitled to receive more than 50 per cent. and any entity (whether or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time, and control for this purpose means the direct or indirect ownership of the majority of the voting share capital of such entity or the right or ability to direct management to comply with the type of material restrictions and obligations contemplated in this Agreement or to determine the composition of a majority of the board of directors (or like board) of such entity, in each case whether by virtue of ownership of share capital, contract or otherwise (and so that at the date of completion of the Acquisition the Subsidiaries of the Company shall include the Rome Group).

"Summary Document" means a document substantially in the form of Schedule 5 *(Summary Document)* to be duly signed and delivered by the Borrower on the date of this Agreement.

"TARGET" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

"TARGET Day" means any day on which TARGET is open for the settlement of payments in euro.

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"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Term Loan" means a loan made or to be made under the Term Loan Facility or the principal amount outstanding for the time being of that loan and includes the Term Loan A and the Term Loan B.

"Term Loan A" means a loan in a principal amount of €60,000,000 owed to the Lenders in the proportions set out in Part 2 of Schedule 1 *(The Original Parties)* as at the date of the Amendment and Restatement Agreement No2.

"Term Loan B" means a loan in a principal amount of €12,000,000 owed to the Lenders in the proportions set out in Part 2 of Schedule 1 *(The Original Parties)* as at the date of the Amendment and Restatement Agreement No. 2.

"Term Loan Facility" means the term loan facility made available under this Agreement as described in clause 2 *(The Facilities).*

"Term Loan Commi ment" means:

(a) in relation to an Original ITM Lender, the amount set opposite its name under the heading "TermLoan Commitment" in Part 2 of Schedule 1 *(The Original Parties)* and the amount of any other Term Loan Commitment transferred to it under this Agreement; and

(b) in relation to any other ITM Lender, the amount of any Term Loan Commitment transferred to it under this Agreement,

"Termination Date" means:

(a) in relation to the Revolving Facility, 30 June 2007;

(b) in relation to the Term Loan Facility, 31 October 2015.

"Titan Group" means the Company and its Subsidiaries for the time being (and shall (or shall be deemed to) include any member of the Rome Group).

"Total Commitments" means the aggregate of the Total Revolving Facility Commitments and the Total Term Loan Commitments being €130,000,000 at the date of this Agreement.

"Total Revolving Facility Commitments" means the aggregate of the Revolving Facility

Commitments, being €30,000,000 at the date of this Agreement.

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"Titan Steel" means Titan Steel Wheels Limited, a company incorporated under the laws of England and Wales and having its registered office at Bridge Road, Coakley, Near Kidderminster, Worcestershire DY10 3SD.

"Total Term Loan Commitments" means the aggregate of the Term Loan Commitments, being €100,000,000 at the date of this Agreement

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 4 *(Form of Transfer Certificate).*

"Transfer Date" means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

{b) the date on which the ITM Facility Agent executes the Transfer Certificate.

"Unpaid Sum" means any sum due and payable but unpaid by an Obligor under the ITM Finance Documents.

"Utilisation" means a utilisation of the Facility.

"Utilisation Date" means the date of a Utilisation, being the date on which the relevant Loan is to be made.

"Utilisation Request" means a notice substantially in the form set out in Schedule 3 *(Requests).*

"VAT" means *value* added tax and any other tax of a similar nature.

"£"means the lawful currency of the United Kingdom.

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in this Agreement to:

(a) the "Arranger", the "Intercreditor Agent", the" ITM Facility Agent", any "ITM Finance Parties", any "ITM Lender", any "Obligor" or any "Material Company", the "Intercreditor Agent", any "Secured Party" or any "Party" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(b) "assets" includes present and future properties, revenues and rights of every description;

(c) references to "certified copy" means that the copy should (a) in relation to a document to which a person incorporated outside of the United Kingdom is a party, be certified

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as a true copy in accordance with normal practice in the relevant jurisdiction by a public notary, or one or two directors or other authorised representative of the party providing those documents or, (b) in relation to a document to which a person incorporated in the United Kingdom is a party, be certified as a true copy by a director or other authorised signatory of that person or by any of the lawyers to that person;

(d) a "ITM Finance Document" or any other agreement or instrument is a reference to that ITM Finance Document or "Acquisition Document" or other agreement or instrument as amended or novated;

(e) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(f) a "person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(g) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(h) "including" shall be construed as meaning "including without limitations";
(i) .an "obligation" means any duty, obligation or liability of any kind;
0) a "right" means any right, privilege, power, immunity or other interest or remedy of any kind;

(k) a reference to "extraordinary administration" in respect of a person or assets which are subject to the laws of Italy is a reference to extraordinary administration *(amministrazione straordinaria)* under Italian law;

(l) a reference to "insolvency proceedings" or "insolvency procedure" in respect of any person incorporated in Italy is a reference to any insolvency proceeding *(procedura concorsuale)* under the Bankruptcy Law;

(m) a provision of law is a reference to that provision as amended or re-enacted;

(n) unless otherwise specified a time of day is a reference to Brussels time;

(o) the "equivalent" of an amount specified in a particular currency (the "specified currency amount" shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the

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London foreign exchange market at or about 11 a.m. on the date the calculation falls to be made for spot delivery, as conclusively determined by the ITM Facility Agent; and

{p) words importing the plural include the singular and vice versa.

1.2.2 Section, clause and schedule headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other ITM Finance Document or in any notice given under or in connection with any ITM Finance Document has the same meaning in that ITM Finance Document or notice as in this Agreement.

1.2.4 A Default is "continuing" if it has not been remedied or waived.

1.3 Italian terms

In this Agreement, a reference to:

(a) a "liquidator" includes a *curatore;*

(b) a "winding-up, administration or dissolution" (and each of those terms) includes a person being declared bankrupt *(fallimento);*

(c) a "step or procedure" taken in connection with insolvency proceedings for any person includes it formally making a proposal to assign its assets pursuant to Article 1977 of the Italian Civil Code (*cessione dei beni ai crediton)* or filing a petition for a *concordato preventivo* or entering into a similar arrangement for the majority of its creditors;

(d) the "Italian Civil Code" means the Italian Civil Code approved by the Royal Decree of

16th March, 1942, no. 267 as amended and supplemented from time to time;

(e) the "Bankruptcy Law" means the Italian bankruptcy law set out in Royal Decree No

267 of 16th March 1942 of Italy as amended and supplemented from. time to time; and

(f) for the purposes of the definition of "Facility Period" and the other relevant provisions of the ITM Finance Documents, an amount is "irrevocably" paid or discharged on the date on which payment of the relevant amount is not capable of being revoked pursuant to the Bankruptcy Law or upon such earlier date as may be agreed by the Majority ITM Lenders acting reasonably following a financial analysis of the Borrower, having obtained the advice of their legal counsel and having regard to the financial condition of the Borrower and any other circumstance which could trigger the revocation or discharge of such payment.

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1.4 Third party rights

1.4.1 Unless expressly provided to the contrary in an ITM Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.4.2 Notwithstanding any terms of any ITM Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.4.3 Notwithstanding any terms of any ITM Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

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SECTION 2

THE FACILITIES

2 The Facilities

2.1 The Facilities

Subject to the terms of this Agreement, the ITM Lenders make available to the Borrower

2.1.1 a euro revolving loan facility in an aggregate amount equal to the Total Revolving Facility Commitments; and

2.1.2 a euro term loan facility in an aggregate amount equal to the Total Term Loan Commitments

2.2 ITM Finance Parties' rights and obligations

2.2.1 The obligations of each ITM Finance Party under the ITM Finance Documents are several. Failure by an ITM Finance Party to perform its obligations under the ITM Finance Documents does not affect the obligations of any other Party under the ITM Finance Documents. No ITM Finance Party is responsible for the obligations of any other ITM Finance Party under the ITM Finance Documents.

2.2.2 The rights of each ITM Finance Party under or in connection with the ITM Finance Documents are separate and independent rights and any debt arising under the ITM Finance Documents to an ITM Finance Party from an Obligor shall be a separate and independent debt.

2.2.3 An ITM Finance Party may, except as otherwise stated in the ITM Finance Documents, separately enforce its rights under the ITM Finance Documents.

3 Purpose

3.1 Purpose

The Borrower shall:

3.1.1 utilise the Revolving Facility to finance its short term working capital requirements

3.1.2 utilise all amounts borrowed by it under the Term Loan Facility to finance amounts payable by it, or any member of the Group, in purchasing or redeeming, in whole or in part, the outstanding notes

3.2 Monitoring

No ITM Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

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4 Conditions of Utilisation

4.1 Initial conditions precedent

4.1.1 No Utilisation Request may be delivered unless the ITM Facility Agent has received all of the documents and other· evidence listed in Schedule 2 *(Conditions precedent)* in form and substance reasonably satisfactory to the ITM Facility Agent.

4.1.2 The ITM Facility Agent shall notify the Company and the ITM Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The ITM Lenders will only be obliged to comply with clause 5.4 *(ITM Lenders' participation)* if on the date of the Utilisation Request and on the proposed Utilisation Date:

4.2.1 in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan and, in the case of any other Loan, no Default is continuing or would result from the proposed Loan;

4.2.2 in the case of a Revolving Loan, the ITM Facility Agent has received the evidence and the certificate referred to in clause 5.3.4;

4.2:3 in the case of a Term Loan:

(a) the ITM Facility Agent has received the evidence referred to in clause 5.3.7; and

(b) the information contained in the certificate delivered by ITM pursuant to clause 5.3.7 (d) is true in all material respects;

4.2.4 the Repeating Representations to be made by each Obligor are true in all material respects; and

4.2.5 the Outstanding Amount does not exceed and would not exceed as result of the proposed Loan, the Maximum Indebtedness Amounts

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SECTION 3

UTILISATION

5 Utilisation

5.1 Delivery of a Utilisation Request

The Facility may be utilised by delivery to the ITM Facility Agent of a duly completed Utilisation Request not later than the Speqified Time.

5.2 Completion of a Utilisation Request

5.2.1 Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) it identifies the Facility to be utilised;

(b) it includes the information as to the principal amount (or its equivalent in euro) of the Existing Secured Facilities outstanding as at the date of such Utilisation Request;

(c) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;

(d) the currency and amount of the Utilisation comply with clause 5.3 *(Currency and amount);*

(e) the proposed Interest Period complies with clause 9 *(Interest periods);*

(f) in relation to the Revolving Facility, ITM attaches to it the evidence and certificate referred to in clause 5.3.4;

(g) in relation to the Term Loan Facility, ITM attaches the documents and evidence referred to in clause 5.3.7;

(h) in relation to the Term Loan Facility:

(i) where such Utilisation is being made to purchase any Note, it specifies the bank account of the person (such person to be reasonably satisfactory to the ITM Facility Agent) to which the relevant payment for the purchase of the Notes will be made; or

(ii) where such Utilisation is being made to redeem the Note(s) issued in respect of the Bond, it specifies the bank account of Luxco or its paying agent and attaches evidence {reasonably satisfactory to the ITM Facility Agent) that the payment will

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be made from Luxco or its paying agent to the holders of the Notes to redeem such Notes.

5.2.2 Only one Loan may be requested in each Utilisation Request.

5.2.3 Not more than three Revolving Loans (including, for the avoidance of doubt, Rollover Loans) may be borrowed in any Month.

5.3 Currency and amount and evidence.

5.3.1 The currency specified in a Utilisation Request must be euro.

5.3.2 Subject to clause 5.3.3, multiple Utilisations are permitted in respect of the Facility.

5.3.3 The amount of any proposed Loan must be an amount which is not more than the Available

Facility and which is a minimum of €1,000,000 or, if less, the relevant Available Facility.

5.3.4 A Utilisation Request for a Revolving Loan other than a Rollover Loan must be accompanied by: (a) a list of invoices of ITM relating to the trade credit receivables to which the Utilisation Request relates {which list shall specify for each invoice the issue date, the number, the applicable due .date for payment and the relevant amounts, provided that the due date for payment date for each such invoice is not be more than 150 days from the· issue date of the relevant invoice);

(b) a certificate signed by a director or other authorised signatory of ITM confirming that ITM has instructed its debtors to pay the amounts due in respect of the trade credit receivables to which the Utilisation Request relates into the relevant Revolving Account and certifying that the amount requested under that Utilisation Request in respect of those trade credit receivables does not include any amounts which have already been requested under any other Utilisation Request in respect of the same trade credit receivables.

5.3.5 Without prejudice to clause 5.3.3, the amount of a proposed Revolving Loan must be an amount which is no greater than 80 per cent. of the aggregate face value of the invoices included in the list referred to in cla.use 5.3.4.

5.3.6 Without prejudice to clause 5.3.3, the amount of a proposed Term Loan must be an amount which is:

(a) no greater than the purchase price of the Notes outstanding that are to be purchased or the redemption price in respect of the Notes outstanding in respect of the Bond that are to be repaid; and

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(b) in the case of a Utilisation which is being used to purchase Notes the lesser of the purchase price of the relevant Notes and the principal amount of such Notes,

in each case on the Utilisation Date of such Term Loan.

5.3.7 A Utilisation Request for a Term Loan must be accompanied by:

(a) copies of the order(s) to purchase Notes issued by or on behalf of Luxco, the Borrower or the Borrower's Subsidiaries (the "New Holder") or other evidence reasonably satisfactory to the ITM Facility Agent to confirm the purchase or redemption of the Note;

(b) copy of the irrevocable instruction for theNotes to be deposited in the Bond Account;

(c) unless otherwise agreed by the ITM Facility Agent, copy of an irrevocable instruction to the Paying Agent to promptly cancel the Notes upon receipt of the same from the New Holder;

(d) in the case of a Utilisation which is being used to purchase Notes a certificate signed by an authorised signatory of ITM certifying that the difference between the purchase price of the relevant Notes and the principai amount of the relevant Notes is lower than the aggregate of the coupons that would have been payable in respect of the relevant Notes (had such Notes not been purchased) after taking into account the overall cost to ITM of the Term Loan utilised to purchase the relevant Notes (calculated in accordance with GAAP);

(e) evidence that the purchase of the Notes is through an authorised intermediary; and

(f) in the case of a Utilisation which is being used to fund the purchase of the Notes by a member of the Titan Group where such Notes wUI be subsequently transferred by the Borrower or its Subsidiaries, evidence (reasonably satisfactory to the ITM Facility Agent) of the purchase price paid by the member of the Titan Group (the "Relevant Price") and either:

(i) if the Relevant Price is less· than· the nominal amount of the Notes, evidence (reasonably satisfactory to the Intercreditor Agent) that the purchase price to be paid by the Borrower (or its Subsidiary) for the transfer of the Notes to it is equal to the Relevant Price; or

(ii) if the Relevant Price is more than the nominal amount of the Notes, evidence (reasonably satisfactory to the Intercreditor Agent) that the purchase price to be paid by the Borrower (or its Subsidiary) for the transfer of the Notes to it is not less than the nominal amount of the Notes.

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5.3.8 The ITM Lenders shall not be obliged to make any Term Loan if the aggregate of all Term Loans made by the ITM Lenders up to the date of an Utilisation Request, together with the amount of the Term Loan requested in such Utilisation Request, would exceed twice the value of EBIDTA of the Titan Group in respect of the most recently completed Relevant Period, as calculated by the ITM Facility Agent on the basis of the latest set or two sets of financial statements, as applicable, delivered pursuant to this Agreement, provided that when calculated for any period endingprior to 31 December 2006, the. calculation of EBITDA of the Titan Group shall be adjusted to provide a consolidated EBITDA of the Titan Group as if the Rome Group had formed part of the Titan Group for the entire period for which such EBITDA is to be calculated.

5.3.9 Subject to clause 5.3.10, the ITM Lenders shall not be obliged to make any Loan hereunder if as result of the making of the Loan requested in a Utilisation Request, the Outstanding Amount would exceed the Maximum Indebtedness Amount as at the Utilisation Date proposed in that Utilisation Request.

5.3.10 The restrictions set out in clause 5.3.9 shall not apply (i) where the Loan is being utilised to redeem and cancel the Bond in full and the Borrower has delivered to the ITM Facility Agent evidence (reasonably satisfactory to the ITM Facility Agent) confirming that the Bond will be redeemed and cancelled in full; or (ii) where the Loan is being used to purchase the Bond in full and, unless otherwise agreed by the ITM Facility Agent, the Borrower has delivered to the ITM Facility Agent evidence reasonably satisfactory to the ITM Facility Agent) confirming that the Bond will be cancelled in full upon such purchase being completed.

5.4 ITM Lenders' participation

5.4.1 If the conditions set out in this Agreement have been met, each ITM Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

5.4.2 The amount of each ITM Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

5.4.3 The ITM Facility Agent shall notify each ITM Lender of the amount of each Loan and the amount of its participation in that Loan, in each case by the Specified Time.

5.4.4 Each ITM Lender shall make available:

(a) its participation in each Term Loan by paying the relevant amount into the Bond Account; and

(b) its participation in each Revolving Loan by paying the relevant amount into the relevant Revolving Account.

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SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 Repayment

6.1 Repayment of the Revolving Loans

6.1.1 ITM shall repay each Revolving Loan on the last day of its Interest Period.

6.1.2 Any amount repaid in accordance with this clause may be re-borrowed, provided that:

{a) no Revolving Loans may be outstanding after the Termination Date for Revolving Facility; and

{b) if any part of the Revolving Loan remains outstanding on the Termination Date for the Revolving Loan, ITM shall repay all such amounts {whether principal, interest or otherwise) that are outstanding on *tnat* Termination Date.

6.2 Repayment of the Term Loans

6.2.1 ITM shall repay the Loan A in 16 Repayment Instalments on each Repayment Date provided that ITM shall repay the Loan A in full on the Termination Date.

6.2.2 Each Repayment Instalment to be repaid in accordance with clause 6.2.1 shall be in an amount which reduces the Loan A by the amount set out opposite that Repayment Date in Schedule 9 *(Repayment Schedule).*

6.2.3 ITM shall (subject to clause 6.3 (Extension Option) below) repay the Loan B in full on the Termination Date.

6.2.4 Any part of the Facility which is repaid may not be re-borrowed.

6.3 Extension Option

6.3.1 ITM may request that the maturity date for all or any part of the Loan B outstanding as at the Termination Date, be automatically extended by one (1) year (so that ITM shall repay such amounts in full on 31 October 2016) on the terms of this Agreement, by notice to the ITM Facility Agent no laler than 11.00 a.m (Milan time) not less than ten (10) Business Days prior to the Termination Date.

6.3.2 If ITM does not exercise the Extension Option the outstanding Loan B shall be repaid in full on the Termination Date.

6.3.3 For the avoidance of doubt, the Extension Option may be exercised by ITM once only.

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6.3.4 If the conditions set out in clause 6.2.5 below have been met, then the maturity date of each of the ITM Lenders' participations in the Loan B (or any part thereof) subject of the Extension Option shall be automatically extended pro rata to 31 October 2016 on the terms of this Agreement.

6.3.5 The ITM Lenders will only be obliged to comply with clause 6.2.4 above if the Borrower has notified the ITM Facility Agent in accordance with clause 6.2.1, the ITM Facility Agent has received the extension fee due from the Borrower pursuant to clause 11.5 *(Extension Fee)* and on the date of such notice and on the Termination Date:

(a} no Default is continuing or would result from the proposed extension of maturity; and

(b) the Repeating Representations to be made by each Obligor are true in all material respects.

7 Prepayment and cancellation

7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for an ITM Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan:

7.1.1 . that ITM Lender shall promptly notify the ITM Facility Agent upon becoming aware of that event;

7.1.2 upon the ITM Facility Agent notifying the Borrower, the Commitment of that ITM Lender will be immediately cancelled; and

7.1.3 the Borrower shall repay that ITM Lender's participation in the Loans made to that Borrower on the last day of the Interest Period for each Loan occurring after the ITM Facility Agent has notified the Borrower or, if earlier, the date specified by the ITM Lender in the notice delivered to the ITM Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Voluntary cancellation

The Borrower may, if it gives the ITM Facility Agent not less than 5 Business Days' (or such shorter period as the Majority ITM Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of €2,000,000) of any Available Facility. Any cancellation under this clause 7.2 *(Voluntary Cancellation)* shall reduce the Commitments of the ITM Lenders rateably.

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7.3 Voluntary prepayment of Term Loans

7.3.1 Subject to the other provisions of this clause 7 *(Prepayment and cancellation)* the Borrower may, if it gives the ITM Facility Agent not less than 5 Business Days' (or such shorter period as the Majority ITM Lenders may agree) prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of that Loan by a minimum amount of €2,000,000).

7.3.2 The Loan A may only be prepaid if:

(a) the whole of the Loan B and the whole of the Term Loan B (as defined in the ITO Facility Agreement) under the ITO Facility have been prepaid or will be prepaid at the same time;

{b) such Loan A and the Term Loan A (as defined in the ITO Facility Agreement) under the ITO Facility are prepaid at the same time in amounts which reduce each such loan by the same proportion.

7.3.3 Any prepayment of the Loan A under this clause 7.3 *(Voluntary prepayment)* shall satisfy the obligations under clause 6.1 *(Repayment of Loans},* in inverse order.

7.4 .. Voluntary prepayment of Revolving Loans

The Borrower may, if it gives the ITM Facility Agent not less than 15 Business Days' (or such shorter period as the Majority ITM Lenders may agree) prior notice, prepay the whole or any part of a Revolving Loan.

7.5 Right of repayment and cancellation in relation to a single ITM lender

7.5.1 If:

{a) any sum payable to any ITM Lender by an· Obligor is required to be increased under clause 12.2.3 *(Tax gross-up);* or

{b) any ITM Lender claims indemnification from the relevant Borrower under clause 12.3 *(Tax indemnity)* or clause 13.1 *(Increased costs),*

the Borrower may, whilst the circumstance giving rise to the requirement or indemnification continues, give the ITM Facility Agent notice of cancellation of the Commitment of that ITM Lender and ·its intention to procure the repayment of that ITM Lender's participation in the Loans.

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7.5.2 On receipt of a notice referred to in clause 7.5.1 above, the Commitment of that ITM Lender shall immediately be reduced to zero;

7.5.3 On the last day of each Interest Period which ends after the Borrower has given notice under clause 7.5.1 above (or, if earlier, the date specified by the relevant Borrower in that notice), the Borrower shall repay that ITM Lender's participation in that Loan.

7.6 Mandatory Prepayment - Excess Cashflow

7.6.1 If for any financial year of the Titan Group ending on or after 31 December 2012 until the end of the Facility Period, the Debt Service Cover Ratio is greater than 1A:1, the Company shall procure that an amount equal to the Excess Cashflow shall be applied in prepayment of any outstanding Loans and any loans outstanding under the ITO Facility.

7.6.2 Any prepayment under this clause 7.5 *(Excess Cashflow)* shall be made within 20 Business Days of delivery to the ITM Facility Agent of the audited consolidated financial statements of the Titan Group under clause 19.1 *(Financial statements)* and shall be applied in the following order or priority:

(a) first, in prepayment of the Loan B and the Term Loan B {as defined in the ITO Facility Agreement) in amounts which reduce each such loan by the same proportion; and

(b) secondly, in prepayment of the Loan A and the Term Loan A (as defined in the ITM Facility Agreement) in amounts which reduce each such loan by the same proportion (and in satisfaction of the repayment obligations in respect of each such loan in inverse order of maturity).

7.7 Restrictions

7.7.1 Any notice of cancellation or prepayment given by any Party under this clause 7 *(Prepayment and cancellation)* shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made. and the amount of that cancellation or prepayment.·

7.7.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs and the provisions of clause 7.6.3, without premium or penalty.

7.7.3 Any prepayment made or to be made on or before 31 January 2008 shall be made together with a prepayment fee of 0.50% on the amount prepaid.

7.7.4 Without prejudice to the obligations to pay Break Costs pursuant to clause 10.4 *(Break Costs)* (if appropriate), no prepayment fee shall be payable by the Borrower in respect of a prepayment of

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a Term Loan made in connection with the restructuring of the Titan Group which involves that Term Loan (or an equivalent new facility) being assumed or made available to another member of the Titan Group provided that the Majority Senior Lenders (acting reasonably) have provided their written consent to the restructuring.

7.7.5 Any other prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs due in accordance with clause 10.4 *(Break Costs),* with no prepayment fee, premium or penalty.

7.7.6 The Borrower may not re-borrow any part of a Loan which is prepaid.

7.7.7 Unless a contrary indication appears in this Agreement, any part of the Revolving Facility which is prepaid may be re-borrowed in accordance with the terms of this Agreement.

7.7.8 The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

7.7.9 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

7.7.10 If the ITM Facility Agent receives a notice under this clause 7 (Prepayment and cancellation) it shall promptly forward a copy of that notice to either the Borrower or the affected ITM Lender, as appropriate.

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SECTION 5

COSTS OF UTILISATION

8 Interest

8.1 Calculation of interest

The rate of interest on each Loan for each Interest *Period* is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin; and

8.1.2 EURIBOR.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

8.3 Default interest

8.3.1 If an Obligor fails to pay any amount payable by it under an ITM Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to clause 8.3.2 below, is 1.5 per cent. higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the ITM Facility Agent (acting reasonably). Any interest accruing under this clause 8.3 *(Default interest)* shall be immediately payable by the Obligor on demand by the ITM Facility Agent.

8.3.2 If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(a) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(b) the rate of interest applying·to the Unpaid Sum during that first Interest Period shall be 1.5 per cent. higher than the rate which would have applied if the Unpaid Sum had not become due.

8.3.3 Default interest (if unpaid) arising on an Unpaid Sum will be calculated in accordance with the provisions of article 1283 of the Italian Civil Code but will remain immediately due and payable.

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8.4 Notification of rates of interest

The ITM Facility Agent shall promptly notify the ITM Lenders and the Borrower of the determination of a rate of interest under this Agreement.

8.5 Interest cap

If at the date of this Agreement the interest rate stated to be payable under this Agreement (including default interest) *in* respect of any Facility exceeds the maximum amount permitted for the relevant type of facility under Italian Law 108/1996, as amended, and Law. 24/2001 as amended (collectively the "Italian Usury Law"), then the interest rate payable by the Borrower hereunder shall be capped at the maximum amount permitted under such Italian Usury Law *in* relation to the relevant type of facility *in* each case.

9 Interest Periods

9.1 Duration of Interest Periods

9.1.1 Each Interest Period shall start on the Utilisation Date or (if already made) on the last day of its preceding interest Period.

9.1.2 The duration of each Interest Period for will be three Months provided that:

(a) subjectto sub-paragraph (b) of this clause.9.1.2, the first Interest Period shall end on the next Interest Payment Date;

(b) where a Loan is made less than 30 days before an Interest Payment Date, the first Interest Period shall end on the second Interest Payment Date after the Utilisation Date for that Loan;

(c) each Interest Period other than the first relating to a Loan shall end on the next succeeding Interest Payment Date; and

(d) in respect of the Loan A, no Interest Period shall extend beyond a Repayment Date.

9.1.3 Each Interest Period for a Revolving Loan shall start on the Utilisation Date in relation to that Revolving Loan and end on the last Business Day of the Month in which that Utilisation Date occurs.

9.1.4 An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility (except, in respect of the Term Loan 8, in the event that the Extension Option is exercised).

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9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 Changes to the calculation of interest

10.1 Absence of quotations

Subject to clause 10.2 *(Market disruption),* if EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.2 Market disruption

10.2.1. If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each ITM Lender's share of that Loan for the Interest Period shall be the rate per annum which is the sum of:

{a) the Margin; and

(b) the rate notified to the ITM Facility Agent by that ITM Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period,

to be that which expresses as a percentage rate per annum the cost to that ITM Lender of funding its participation in that Loan from whatever source it may reasonably select.

10.2.2 In this Agreement "Market Disruption Event" means: .

(a) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the ITM Facility Agent to determine EURIBOR for euros for the relevant Interest Period;

or

(b) before close of business in London on the Quotation Day for the relevant Interest Period, the ITM Facility Agent receives notifications from an ITM Lender or ITM Lenders (whose participations in a Loan exceed 30 per cent. of that Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of EURIBOR.

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10.3 Alternative basis of interest or funding

10.3.1 If a Market Disruption Event occurs and the ITM Facility Agent or the Borrower so require, the ITM Facility Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

10.3.2 Any alternative basis agreed pursuant to clause 10.3.1 above shall, with the prior consent of all the ITM Lenders and the Borrower, be binding on all Parties.

10.4 Break Costs

10.4.1 The Borrower shall, within three Business Days of demand by an ITM Finance Party, pay to that ITM Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

10.4.2 Each ITM Lender shall, as soon as reasonably practicable after a demand by the ITM Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

11.1 Commitment fee

11.1.1 The Borrower shall pay to the ITM Facility Agent (for the account of each ITM Lender) a fee computed at the rate of:

{a) 0.10 per cent. per annum on that iTM Lender's Available Commitment under the Revolving Facility from the date of this Agreement to the end of the Availability Period applicable to the Revolving Facility;

(b) 0.25 per cent. per annum on that ITM Lender's Available Commitment under the Term Loan Facility from the date of this Agreement to the end of the Availability Period applicable to the Term Loan Facility.

11.1.2 The accrued commitment fee is payable as follows:

(a) in relation to the Revolving Facility, the first payment shall be made on 30 April 2006, and the subsequent payments shall be made on each subsequent Financial Quarter Day which occurs during the Availability Period for that Facility and on the last day of the Availability Period for that Facility and, if cancelled in full, on the cancelled amount of the relevant ITM Lender's Commitment at the time the cancellar is effective; and

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(b) in relation to the Term Loan Facility, the first payment shall be made on 30 April 2006, and the subsequent payments shall be made on each subsequent Financial Quarter Day which occurs during the Availability Period and on the last day of the Availability Period for that Facility and, if cancelled in full, on the cancelled amount of the relevant ITM Lender's Commitment at the time the cancellation is effective.

11.2 Other fees

The Company shall pay to the Arranger {for its own account) the other fees in the amounts and at the times agreed in a Fee Letter.

11.3 Agency fee

The Company shall pay to the ITM Facility Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

11.4 Utilisation fee

11.4.1 The Borrower shall pay to the ITM Facility Agent (for the account of each ITM Lender) a flat utilisation fee of 0.50% of the aggregate of all the Term Loans outstanding on the last day of the Availability Period applicable to the Term Loan Facility.

11.4.2 The utilisation fee shall be payable on the last day of the Availability Period applicable to the Term Loan Facility.

11.5 Extension fee

If ITM exercises the Extension Option, ITM shall pay to the ITM Facility Agent (for the account of each ITM Lender) an extension fee in an amount equal to 0.30% of the amount of the Loan B which is the subject of the Extension Option, such extension fee to be payable on or before the Termination Date.

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SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 Tax gross up and indemnities

12.1 Definitions

12.1.1 In this Agreement:

"Protected Party" means an ITM Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under an ITM Finance Document to the extent the relevant liabilities or required payments are not due to fraud or gross negligence of the Protected Party.

"Tax Credit" means a credit against, relief or remission for, or repayment of any Tax.

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under an ITM Finance Document.

"Tax Payment" means either the increase in a payment made by an Obligor to an ITM Finance Party under clause 12.2 *(Tax gross-up)* or a payment under clause 12.3 *(Tax indemnity)*.

12.1.2 Unless a contrary indication appears, in this clause 12 *(Tax* gross *up and indemnities)* a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross up**

12.2.1 Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 Each Obligor shall promptly upon becoming aware that an Obligor must make a Tax Deduction {or that there is any change in the rate or the basis of a Tax Deduction) notify the ITM Facility Agent accordingly. Similarly, an ITM Lender shall notify the ITM Facility Agent on becoming so aware in respect of a payment payable to that ITM Lender. If the ITM Facility Agent receives such notification from an ITM Lender it shall notify the Company and that Obligor.

12.2.3 If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which {after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

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12.2.4 If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

12.2.5 An Obligor shall not be required to make an increased payment to an ITM Lender under clause 12.2.3 for a Tax Deduction in respect of a Tax from a payment of interest on a Loan if, on the date on which the payment falls due, such payment could have been made to the relevant ITM Lender without a Tax Deduction if it was a Qualifying ITM Lender but, on that date, that ITM Lender is not or has ceased to be a Qualifying ITM Lender other than as a result of any change after the date it became an ITM Lender under this Agreement in, or in the interpretation, administration, or application of any law or treaty, or any published practice or concession of any relevant taxing authority.

12.2.6 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the ITM Facility Agent for the ITM Finance Parties entitled to the payment evidence reasonably satisfactory to that ITM Finance Parties that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

12.3.1 The Borrower shall (within three Business Days of demand by the ITM Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of any Tax by that Protected Party in respect of an ITM Finance Document.

12.3.2 Clause 12.3.1 above shall not apply:

(a) with respect to any Tax assessed on an ITM Finance Party:

(i) under the law of the jurisdiction in which that ITM Finance Party is incorporated or:, if different, the jurisdiction (or jurisdictions) in which that ITM Finance Party is treated as resident for tax purposes; or

located in respect of amounts received or receivable in that jurisdiction,

(ii) under the law of the jurisdiction in which that ITM Finance Party's Facility Office is

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that ITM Finance Party; or

(b) to the extent a loss, liability or cost is compensated for by an increased payment under clause 12.2 *(Tax gross-up).*

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12.3.3 A Protected Party making, or intending to make a claim under clause 12.3.1 above shall promptly notify the ITM Facility Agent of the event which will give, or has given, rise to the claim, following which the ITM Facility Agent shall notify the Borrower.

12.3.4 A Protected Party shall, on receiving a payment from an Obligor under this clause 12 *(Tax gross up and indemnities),* notify the ITM Facility Agent.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant ITM Finance Parties determines that:

12.4.1 a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

12.4.2 that ITM Finance Parties has obtained, utilised and retained that Tax Credit,

the ITM Finance Parties shall pay an amount to the Obligor which that ITM Finance Parties determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Borrower shall pay and, within three Business Days of demand, indemnify each ITM Finance Party against any cost, loss or liability that ITM Finance Parties incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any ITM Finance Document.

12.6 Value added tax

12.6.1 All amounts set out, or expressed to be payable under an ITM Finance Document by any Party to an ITM Finance Party which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to clause 12.6.3 below, if VAT is chargeable on any supply made by any ITM Finance Parties to any Party under an ITM Finance Document, that Party shall pay to the ITM Finance Parties (in addition to and at the same time as paying the consideration) an amount equal to the amount ofthe VAT (and such ITM Finance Parties shall promptly provide an appropriate VAT invoice to such Party).

12.6.2 If VAT is chargeable on any supply made by any ITM Finance Parties (the "Supplier") to any other ITM Finance Parties (the "Recipient") under an ITM Finance Document, and any Party (the "Relevant Party") is required by the terms of any ITM Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount} an amount equal to the

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amount of such VAT. The Recipient will promptly pay to the Relevant Party an amount equal to any credit or repayment from the relevant tax authority which it reasonably determines relates to the VAT chargeable on that supply.

12.6.3 Where an ITM Finance Document requires any Party to reimburse an ITM Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the ITM Finance Parties against all VAT incurred by the ITM Finance Parties in respect of the costs or expenses to the extent that the ITM Finance Parties reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

13 Increased costs

13.1 Increased costs

13.1.1 Subject to clause 13.3 *(Exceptions)* the Borrower shall, within three Business Days of a demand by the ITM Facility Agent, pay for the account of an ITM Finance Party the amount of any Increased Costs incurred by that ITM Finance Parties or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

13.1.2 In this Agreement "Increased Costs" means:

(a) a reduction in the rate of return from a Facility or on an ITM Finance Party's (or its Affiliate's) overall capital;

(b) an additional or increased cost; or

(c) a redu.ction of any amount due and payable under any ITM Finance Document,

which is incurred or suffered by an ITM Finance Party or any of its Affiliates to the extent that it is attributable to that ITM Finance Parties having entered into its Commitments or funding or performing its obligations under any ITM Finance Document.

13.2 Increased cost claims

13.2.1 An ITM Finance Party intending to make a claim pursuant to clause 13.1 *(Increased costs)* shall notify the ITM Facility Agent of the event giving rise to the claim, following which the ITM Facility Agent shall promptly notify the Borrower.

13.2.2 Each ITM Finance Parties shall, as soon as practicable after a demand by the ITM Facility Agent, provide a certificate confirming the amount of its Increased Costs.

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13.3 Exceptions

13.3.1 Clause 13.1 *(Increased costs)* does not apply to the extent any Increased Cost is:

(a} attributable to a Tax Deduction required by law to be made by an Obligor;

(b) compensated for by clause 12.3 *(Tax indemnity}* (or would have been compensated for under clause 12.3 *(Tax indemnity)* but was not so compensated solely because any of the exclusions in clause 12.3.2 *(Tax indemnity)* applied); or

(c) attributable to the wilful breach by the relevant ITM Finance Parties or its Affiliates of any law or regulation.

13.3.2 In this clause 13.3 *(Exceptions},* a reference to a "Tax Deduction" has the same meaning given to the term in clause 12.1 *(Definitions).*

14 Other indemnities

14.1 Currency indemnity

14.1.1 If any sum due from an Obligor under the ITM Finance Documents (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

(a) making or filing a claim or proof against that Obligor;

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days .of demand, indemnify each ITM Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

14.1.2 Each Obligor waives any right it may have in any jurisdiction to pay any amount under the ITM Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

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14.2 Other indemnities

The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each ITM Finance Party against any cost, loss or liability incurred by that ITM Finance Parties as a result of:

14.2.1 the occurrence of any Event of Default;

14.2.2 a failure by an Obligor to pay any amount due under an ITM Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of clause 27 *(Sharing among the ITM Finance Parties);*

14.2.3 funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that ITM Lender alone); or

14.2.4 a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

14.3 Indemnity to the ITM Facility Agent

The Borrower shall promptly indemnify the ITM Facility Agent against any cost, loss or liability incurred by the ITM Facility Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

15 Mitigation by the ITM lenders

15.1 Mitigation

15.1.1 Each ITM Finance Parties shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 7.1 *(Illegality),* clause 12 *(Tax gross-up and indemnities)* or clause 13 *(Increased costs)* including (but not limited to) transferring its rights and obligations under the ITM Finance Documents to another Affiliate or Facility Office.

15.1.2 Clause 15.1.1 above does not in any way limit the obligations of any Obligor under the ITM Finance Documents.

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15.2 Limitation of liability

15.2.1 The Borrower shall indemnify each ITM Finance Party for all costs and expenses reasonably incurred by that ITM Finance Parties as a result of steps taken by it under clause 15.1 *(Mitigation}*.

15.2.2 An ITM Finance Party is not obliged to take any steps under clause 15.1 *(Mitigation}* if, in the opinion of that ITM Finance Party (acting reasonably), to do so might be prejudicial to it.

16 Costs and expenses

16.1 Transaction expenses

The Borrower shall promptly on demand pay the ITM Facility Agent and the Arranger the amount of all reasonable costs and expenses (including legal fees) incurred by any of them in connection with the negotiation, preparation, printing, execution of {but not costs of syndication after the date of this Agreement):

16.1.1 this Agreement and any other documents referred to in this Agreement; and

16.1.2 any other ITM Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to clause 28.9 *(Change of currency),* the Borrower shall, within three Business Days of demand, reimburse the ITM Facility Agent for the amount of all costs and expenses (including legal fees} incurred by the ITM Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Borrower shall, within three Business Days of demand, pay to each ITM Finance Party the amount of all costs and expenses (including legal fees} incurred by that ITM Finance Parties in connection with the enforcement of, or the preservation of any rights under, any ITM Finance Document.

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SECTION 7
GUARANTEE

17 Guarantee and indemnity

17.1 Guarantee.and indemnity

Each ITM Guarantor irrevocably and unconditionally, jointly and severally:

17.1.1 guarantees to each ITM Finance Party punctual performance by the Borrower of all the Borrower's obligations under the ITM Finance Documents;

17.1.2 undertakes with each ITM Finance Party that whenever the Borrower does not pay any amount when due under or in connection with any ITM Finance Document, that ITM Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

17.1.3 indemnifies each ITM Finance Party immediately on demand against any cost, loss or liability suffered by that ITM Finance Parties ·if my obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that ITM Finance Parties would otherwise have been entitled to recover.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the ITM Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any payment by an Obligor or any discharge given by an ITM Finance Party(whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

17.3.1 the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

17.3.2 each ITM Finance Party shall be· entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

17.4 Waiver of defences

The obligations of each ITM Guarantor under this clause 17 *(Guarantee and indemnity)* will not be affected *by* an act, omission, matter or thing which, but for this clause, would reduce, release

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or prejudice any of its obligations under this clause 17 *(Guarantee and indemnity)* (without limitation and whether or not known to it or any ITM Finance Parties) including:

17.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;

17.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

17.4.3 the taking, variation, compromiseexchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security *over* assets of, any Obligor or other person or any non,..presentation or non-observance of .any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

17.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in !he members or status of an Obligor or any other person;

17.4.5 any amendment (however fundamental) or replacement of an ITM Finance Document or any other document or security;

17.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any ITM Finance Document or any other document or security; or

17.4.7 any insolvency or similar proceedings.

17.5 Immediate recourse

Each ITM Guarantor waives any right it may have of first requiring any ITM Finance Parties (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that ITM Guarantor under this clause 17 *(Guarantee and indemnity)* This waiver applies irrespective of any law or any provision of an ITM Finance Document to the contrary.

17.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the ITM Finance Documents have been irrevocably paid in full, each ITM Finance Party(or any trustee or agent on its behalf) may:

17.6.1 refrain from applying or enforcing any other moneys, security or rights held or received by that ITM Finance Parties (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no ITM Guarantor shall be entitled to the benefit of the same;

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17.6.2 hold in an interest-bearing suspense account any moneys received from any ITM Guarantor or on account of that ITM Guarantor's liability under this clause 17 *(Guarantee and indemnity).*

17.7 Deferral of ITM Guarantor's rights

Until all amounts which may be or become payable by the Obligors under or in connection with the ITM Finance Documents have been irrevocably paid in full and unless the ITM Facility Agent otherwise directs, no ITM Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the ITM Finance Documents:

17.7.1 to be indemnified by an Obligor;

17.7.2 to claim any contribution from any other ITM Guarantor of any Obligor's obligations under the ITM Finance Documents; and/or

17.7.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the ITM Finance Parties under the ITM Finance Documents or of any security taken pursuant to, or in connection with, the ITM Finance Documents by any ITM Finance Parties.

17.8 Limitation of ITO's liability under the Guarantee

The obligations of ITO under this clause 17 *(Guarantee and indemnity)* in respect of the obligations and liabilities of the Borrower shall at any given time be limited to the greater of:

(a) eighty per cent. (80%) of the net worth of ITO as reflected in its most recent annual audited accounts at that time, and

(b) €40,000,000 or its equivalent in any currency.

17.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or Security now or subsequently held by any ITM Finance Parties.

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SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18 Representations

Each Obligor makes the representations and warranties set out in this clause 18 (Representations) to each ITM Finance Parties.

18.1 Status

18.1.1 It is a corporation, duly incorporated .and validly existing under the law of its jurisdiction of incorporation.

18.2 Binding obligations

The obligations expressed to be assumed .by it in each ITM Finance Document are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to clause 4 *(Conditions of Utilisation)* and Schedule 2 *(Conditions Precedent),* legal, valid, binding and enforceable obligations.

18.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the ITM Finance Documents do not and will not conflict with:

18.3.1 any Ia/(or regulation applicable to it;

18.3.2 its or any of its Subsidiaries' constitutional documents, except, insofar as this representation applies to the NewCo Share Pledge, the ITO Share Pledge and the ITM Share Pledge, clause 7.2 of the by-laws of ITM, ITO and NewCo in the 60 days following execution of this Agreement; or

18.3.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

18.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the ITM Finance Documents to which it is a party and the transactions contemplated by those ITM Finance Documents.

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18.5 Validity and admissibility in evidence

All Authorisations required or desirable:

18.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the ITM Finance Documents to which it is a party; and

18.5.2 to make the ITM Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

18.6 Governing law and enforcement

18.6.1 The choice of English law as the governing law of the ITM Finance Documents governed by

English law will be recognised and enforced in its jurisdiction of incorporation.

18.6.2 Any judgment obtained in England in relation to an ITM Finance Document governed by English law will be recognised and enforced in its jurisdiction of incorporation.

18.7 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any ITM Finance Document.

18.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the ITM Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the ITM Finance Documents or the transactions contemplated by the ITM Finance Documents except for taxes imposed by Italy and required in connection with the Security Documents as specified in any of the legal opinions to be delivered pursuant to clause 4.1 *(Initial conditions precedent)* or as applicable upon occurrence of a *"caso d'uso"* (case of use) or of *"enunciazione"* (explicit reference), according to articles 6 and 22 of the Presidential Decree n. 131, dated 26 April 1986.

18.9 No default

18.9.1 No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.

18.9.2 No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries) assets are subject which might have a Material Adverse Effect.

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18.10 No misleading information

18.10.1 All information provided by any member of the Titan Group to the ITM Finance Parties for the purposes of the transaction contemplated in the ITM Finance Documents (collectively "Information") was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

18.10.2 The financial projections contained in the Business Plan and the Revised Business Plan (as applicable) have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

18.10.3 To the best of its knowledge, having made reasonable enquiry nothing has occurred or been omitted from the Information and no information has been given or withheld that results in that Information being untrue or misleading in any material respect.

18.10.4 Any information provided in the Admission Document was to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import at the date such document was published.

18.11 Structure Memorandum

18.11.1 The Structure Memorandum:

(a) shows all members of the Titan Group and contains descriptions which in all material respects are true, complete and correct of the corporate ownership structure of the Titan Group; and

(b) shows all inter company loans between members of the Rome Group as the date of its delivery,

except to the extent stated in a footnote in the Structure Memorandum.

18.12 Existing Debt Chart

As at the date of its delivery, the Existing Debt Chart provides accurate details of all indebtedness owed by the Rome Group to third parties as at the date falling 15 days prior to the date of its delivery and a projection of such indebtedness of the Borrower and ITM as at the
date of delivery (such projection to be prepared on the basis of reasonable assumptions).

18.13 Original Financial statements

18.13.1 Its Original Financial Statements were prepared in accordance with GAAP consistently applied.

18.13.2 Its Original Financial Statements fairly represent its financial condition and operations (consolidated) during the relevant financial year.

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18.13.3 There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Titan Group or Rome Group) since the date on which such Original Financial Statements were drawn up.

18.14 Pari passu ranking

Its payment obligations under the ITM Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

18.15 Representations on the Acquisition Documents

18.15.1 To the best of its knowledge on the date of this Agreement, no representation or warranty (as qualified by any related disclosure letter, Acquisition Document or schedule to an Acquisition Document) given by any party in an Acquisition Document is untrue or misleading in any material respect.

18.15.2 The Acquisition Documents contain all the material terms of the Acquisition.

18.16 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or threatened against it or any of its Subsidiaries.

18.17 Status of Security

Each Security Document confers or following execution will confer (in each case on proper registration or notification thereof, as the case may be) valid, fully perfected first ranking Security over the relevant assets securing all the obligations expressed to be secured by that Security Document and those Security other than any obligation mandatorily preferred by law.

18.18 Immunity

18.18.1 The execution by it of each ITM Finance Document to which it is a party constitutes, and the exercise by it of its rights and performance of its obligations under each ITM Finance Document will constitute, private and commercial acts performed for private and commercial purposes; and

18.18.2 It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its jurisdiction of incorporation in relation to any ITM Finance Document

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18.19 Insolvency Proceedings

It has not taken any steps and, to its knowledge, no steps have been taken, for its winding up or dissolution, bankruptcy, extraordinary administration or any other insolvency proceedings or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of all or any of its assets.

18.20 Corporate benefit

The entry into and performance of its obligations under each ITM Finance Document to which it is a party is in its commercial interests and to its corporate benefit and the competent corporate bodies have assessed and satisfied themselves as to the existence of such corporate benefit.

18.21 Times for making representations

18.21.1 The representations set out in this clause are made on the date of this Agreement.

18.21.2 Unless a representation is expressed to be given at a specific date and except for those in clauses 18.9.2, 18.10, 18.11, 18.12 and 18.15.1, each representation is deemed to be repeated by each Obligor on the date of each Utilisation Request and on the first day of each Interest.Period.

18.21.3 When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

19 Information undertakings

The undertakings in this clause 19 *(Information undertakings)* remain in force from the date of this Agreement until the end of the Facility Period.

19.1 Financial statements

The Borrower.shall supply to the ITM Facility Agent in sufficient copies for all the ITM Lenders:

19.1.1 as soon as the same become available, but in any event within 180 days after the end of each relevant financial years:

(a) its audited financial statements (consolidated where the financial statements have been prepared on such basis) and its audited balance sheet *(bilancio civilistico)* for that financial year; and

(b) the audited consolidated financial statements of the Company for that financial year;

and

(c) the audited financial statements of ITO for that financial year

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19.1.2 as soon as the same become available, but in any event within 90 days after the end of each half of each relevant financial years:

(a) its financial statements (consolidated where the financial statements have been prepared-on such basis) for that financial half year;

(b) the consolidated financial statements of the Company for that financial year; and

(c) the financial statements of ITO for that financial year.

19.2 Compliance Certificate

19.2.1 The Borrower shall supply to the ITM Facility Agent, with each set of financial statements delivered pursuant to clause 19.1.1 or 19.1.2 *(Financial statements),* a Compliance Certificate setting out (in reasonable detail) computations as to compliance with clause 20 *(Financial covenants)* as at the date as at which those financial statements were drawn up and at any applicable Calculation Date.

19.2.2 Each Compliance Certificate shall be signed by two directors of the Borrower and, if required to be delivered with any audited financial statements delivered pursuant to clause 19.1 *(Financial statements)* accompanied by a report from the auditors of the Company, which report shall be in form and substance reasonably satisfactory to the ITM Facility Agent.

19.3 Requirements as to financial statements

19.3.1 Each set of financial statements to be delivered pursuant to clause 19.1 *(Financial statements)* shall be certified by a director of the relevant company as fairly representing the financial condition of such company as at the date as at which those financialstatements were drawn up.

19.3.2 The Borrower shall procure that each set of financial statements delivered pursuant to clause 19.1 *(Financial statements)* is prepared using the applicable GMP.

19.3.3 The Borrower shall procure that each set of financial statements of each ITM Guarantor delivE)red pursuant to clause 19.1 *(Financial statements)* is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements of that ITM Guarantor unless, in relation to any set of financial statements, it notifies the ITM Facility Agent that there has been a change in GMP, the accounting practices or reference periods and the auditors of the relevant ITM Guarantor deliver to the ITM Facility Agent:

(a) a description of any change necessary for those financial statements to reflect the GMP, accounting practices and reference periods upon which that the Original Financial Statements of the relevant ITM Guarantor were prepared; and

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(b) sufficient information, in form and substance as may be reasonably required by the ITM Facility Agent, to enable the ITM Lenders to determine whether clause 20 *(Financial covenants)* has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements of the relevant ITM Guarantor

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

19.4 «nformation:miscellaneous

Each Obligor shall supply to the ITM Facility Agent (in sufficient copies for all the ITM Lenders, if the ITM Facility Agent so requests):

19.4.1 all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;

19.4.2 promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Titan Group, and which might, if adversely determined, have a Material Adverse Effect;

19.4.3 promptly all material details of any material claim under the Acquisition Documents;

19.4.4 promptly any amendments to the Acquisition Documents made following the execution of this Agreement;

19.4.5 promptly, such further information regarding the financial condition, business and operations of any member of the Titan Group as any ITM Finance Parties (through the ITM Facility Agent) · may reasonably request;

19.4.6 by no later than 30 June 201Q, a revised business plan of the Titan Group (the "Revised Business Plan") for the period from 2009 to 31 December 2014, in the same format as the Business Plan, revised to take in to account all material changes in the financial and economic position of the Titan Group from the date of the Business Plan to the date of preparation of the Revised Business Plan;

19.4.7 promptly upon having determined to acquire any company or merge with or into another company proceed to any disposal of their assets, or to exercise any of the options referred to in clauses 21.6.2 and 21.7.3 below, a notice informing the ITM Facility Agent .of any such intention, together with a detailed memorandum of the proposed transaction and a certificate signed by 2 (two) duly authorised representatives confirming that in their reasonable opinion having made

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due enquiry with appropriate professional advisers, such transaction will not lead to a Material Adverse Effect.

19.5 Notification of default

19.5.1 Each Obligor shall notify the ITM Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

19.5.2 Promptly upon. a request by the ITM Facility Agent in circumstances where the ITM Facility Agent has reasonable grounds for believing that a Default has occurred and is continuing, the Borrower shall supply to the ITM Facility Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.6 "Know your customer" checks

19.6.1 If:

(a) the introduction of or any change in.(or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of an Obligor after the date of this Agreement; or

(c) a proposed assignment or transfer by an ITM Lender of any of its rights and obligations under this Agreement to a party that is not an ITM Lender prior to such assignment or transfer;

obliges the ITM Facility Agent or any ITM Lender (or, in the case of paragraph (c) above, any prospective new ITM Lender) to comply with "know your customer" or similar identification procedures in any jurisdiction in circumstances where the necessary information is not already available to it, each. Obligor shall promptly upon the request of the ITM Facility Agent or any ITM Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the ITM Facility Agent (for itself or on behalf of any ITM Lender) or any ITM Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new ITM Lender) in order for the ITM Facility Agent, such ITM Lender or, in the case of the event described in paragraph (c) above, any prospective new ITM Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the ITM Finance Documents.

19.6.2 Each ITM Lender shall promptly upon the request of the ITM Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the ITM

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Facility Agent (for itself) in order for the ITM Facility Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the ITM Finance Documents.

20 Financial covenants

20.1.1 The Obligors shall ensure that on each Calculation Date from and including 30 June 2011 until the end of the Facility Period the following semi-annual financial covenants are met:

· (a) the ratio of EBITDA of the ·Titan Group to Consolidated Net Interest Payable of the Titan Group shall not be at any time less than:

(i) 2.95:1 for the Calculation Date falling on 30 June 2011;

(ii) 3.70:1 for the Calculation Date falling on 31 December 2011;

{iii) 4,35:1 for the Calculation Date falling on 30 June 2012; and

(iv) 5.00:1 for each Calculation Date thereafter.

(b) the ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt FinanCial Indebtedness created under any ITM Finance Document) to EBITDA shall not at any time be greater than:

(i) 5.00:1 for the Calculatioh Date falling on 30 June 2011;

(ii) 3.75:1 for the Calculation Date falling on 31 December 2011; (iii) 3.00:1 for the Calculation Date falling on 30 June 2012; and
(iv)2.20:1 for each Calculation Date thereafter.

{c) the ratio of aggregate Net Financial Indebtedness of the Titan Group (including for the avoidance of doubt Financial Indebtedness created under any ITM Finance Document) to Net Worth shall not at any time be greater than:

(i) 1.78:1 for the Calculation Date falling on 30 June 2011;
(ii) 1.60:1 for the Calculation Date falling on 31 December 2011; (iii) 1.45:1 for the Calculation Date falling on 30 June 2012; and (iv) 1.10:1 for each Calculation Date thereafter.

20.1.2 The Obligors shall ensure that on each Calculation Date from and including 31 December 2012 until the end of the Facility Period (her than the Calculation Dates falling on 31 December

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2013 and 30 June 2014) the Debt Service Cover Ratio calculated on a rolling 12 month basis shall not be less than 1.10:1.

20.1.3 Subject to clauses 20.1.4 to 20.1.6 the financial covenants set out in this clause 20 shall be calculated on each Calculation Date in accordance with the applicable GAAP and tested by reference to each of the financial statements and/or each Compliance Certificate delivered pursuant to clauses 19.1 and 19.2.

20.1.4 The financial covenants set out this clause 20 shall be calculated in accordance with GAAP applicable to the Company· at the date of 'this Agreement, notwithstanding that GAAP may change after the date of this Agreement.

20.1.5 For the purpose of calculating compliance with the financial covenants for a Calculation Date on 31 December in any year, the rate of exchange for the conversion of any currency used in the preparation of the audited balance sheet of any company shall be the same as that used in the audited profit and loss account, notwithstanding that GAAP may require different exchange rates to be used.

20.1.6 When calculating compliance with the financial covenants for a Calculation Date on 30 June in any year, the rate of exchange for the conversion of any currency used shall be the average of the rates of exchange used in the preparation of the profit and loss account in (i) the audited financial statements for the financial year ending on the preceding 31 December; and (ii) the unaudited financial statements for the 6 months ending on such 30 June, and the same rate of exchange shall be applied to the unaudited balance sheet of any company and the unaudited profit and loss account, notwithstanding that GAAP may require different exchange rates to be used.

21 General undertakings

The undertakings in this clause 21 *(General undertakings)* remain in force from the date of this Agreement until the end of the Facility Period.

21.1 Purpose

Each Obligor must ensure that that each Utilisation under a Facility is used for one of the purposes specified for the Facility in clause 3 {Purpose).

21.2 Authorisations

Each Obligor shall promptly:

21.2.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

21.2.2 supply certified copies to the ITM Facility Agent of,

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any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the ITM Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any ITM Finance Document.

21.3 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the ITM Finance Documents.

21.4 Paripassu ranking

Each Obligor must ensure that its payment obligations under the ITM Finance Documents rank at least pari passu with all its other and future unsecured payment obligations, except for obligations mandatorily preferred by law applying to companies generally.

21.5 Negative pledge

21.5.1 No Obligor shall (and shall ensure that no other member of the Titan Group will) create or permit to subsist any Security over any of its assets.

21.5.2 No Obligor shall (and shall ensure that no other member of the Titan Group will):

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Titan Group;

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms unless entered into in respect of Permitted Financial Indebtedness;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

21.5.3 No Obligor incorporated in Italy shall (and shall ensure that no other member of the Titan Group incorporated in Italy will) segregate assets for the purpose of article 2447-bis of the Italian Civil Code *("Patrimoni Destinati ad uno Specifico Affare'J* nor shall it (and shall ensure that no other member of the Titan Group incorporated in Italy will) issue any class of stock or other financial instruments under article 2447-ter of the Italian Civil Code without the prior written consent of the Intercreditor Agent (acting on the instructions of the Majority Senior Lenders)

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21.5.4 Clauses 21.5.1 and 21.5.2 above do not apply to Permitted Security Interests.

21.6 Disposals

21.6.1 No Obligor shall (and ensure that no other member of the Titan Group will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

21.6.2 Clause 21.6.1 above does not apply to Permitted Disposals.

21.7 Merger and Acquisitions

21.7.1 No Obligor shall (and shall ensure that no other member of the Titan Group will) enter into any amalgamation, demerger, merger or corporate reconstruction without the prior written consent of the Majority Senior lenders.

21.7.2 No Obligor shall (and shall ensure that no other member of the Titan Group will) make an acquisition of a company without the prior consent of the Majority Senior Lenders.

21.7.3 Clause 21.7.2 above shall not apply to Permitted Acquisitions.

21.8 Hedging

The Borrower shall comply in all material respects with the terms of the Hedging Policy.

21.9 Security Interests

21.9.1 Each Obligor shall maintain and preserve the Security (and ensure that such Security is maintained and preserved) created by the Security Documents and the priority created by the Security Documents.

21.9.2 Each Obligor shall ensure that the Intertractor USA Share Pledge is executed by not later than 30 Business Days from the date on which the Intercreditor Agent has provided the Borrower with a draft thereof and that a legal opinion of a reputable US firm in relation to the Intertractor USA Share Pledge is delivered to the Intercreditor Agent in a form and substance reasonably satisfactory to the Intercreditor Agent.

21.9.3 If the Revised Business Plan delivered pursuant to clause 19.4.6 shows a deterioration in the financial projections for the Titan Group in respect of the figures shown in the Business Plan, such that the Financial Covenants are projected to be breached or require further amendment, then the Obligors and the Intercreditor Agent shall meet to discuss the execution by Material Companies of such further Security over the assets of a Material Company as may reasonably be required by the Intercreditor Agent, such Security to be in a form and substance satisfactory to the Intercreditor Agent, acting reasonably

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21.10 Syndication

21.10.1 Each Obligor will give the Arranger all the assistance it reasonably requires to facilitate the syndication of the Facility.

21.10.2 Each Obligor will provide such further information as the Arranger may reasonably require for the purpose of syndication of the Facility including (i) promptly providing all reasonably. requested financial and other information in its possession, including information and projections prepared by it or its advisers; and (ii) making its senior officers available to attend a reasonable number of presentations and/or site visits to be granted, to prospective Lenders at reasonable times upon reasonable notice. In complying with this clause 21.10 *(Syndication);* the Obligors shall not be required to provide any information that it has provided previously to the Arranger.

21.11 Change of business

Each Obligor shall procure that no substantial change is made to the general nature of the business of that Obligor or any member of the Titan Group from that carried on at the date of this Agreement.

21.12 Maintenance of Status

Each Obligor will maintain its separate corporate existence and remain in good standing under the laws of its jurisdiction of incorporation.

21.13 Loans and Credit

21.13.1 The Obligors may not (and shall ensure that any member of the Titan Group will not) make any loans, provide any credit or issue any guarantee other than Permitted Loans.

. 21.13.2 Clause 21.13.1 above shall not apply to Permitted Loans.

21.14 Taxes

Each member of the Titan Group must pay all Taxes due and payable by it, unless:

21.14.1 payment of those Taxes is being contested in good faith and adequate reserves are being maintained for those Taxes; or

21.14.2 failure to pay those Taxes is not reasonably likely to have a Material Adverse Effect.

21.15 FinancialIndebtedness

21.15.1 No member of the Titan Group shall incur any Financial Indebtedness nor shall it have any Financial Indebtedness outstanding.

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21.15.2 Clause 21.15.1 does not apply to Permitted Financial Indebtedness.

21.15.3 The Parties agree that:

(a) following the First Triggering Date, the restriction set out in clause 21.15.1 above shall -, **apply to the Rome Group only; and**

(b) for the purposes of calculating whether Financial Indebtedness falls within the levels permitted under clause 21.15.2, Financial Indebtedness incurred in a currency other than Euro will be converted into Euro at

(i) in ttie case of facilities existing at the date of the Amendment and Restatement Agreement No.1, the rate of exchange for such currency used by the Company to prepare its financial statements as at 31 March 2009; and

(ii) in the case of other Financial Indebtedness, at the ITM Facility Agent's spot rate of exchange for such currency on the date on which the facility under which such Financial Indebtedness is incurred is first made available to the relevant member of the Titan Group.

21.16 Cancellation of Notes

Each Obligor which has issued an order to repurchase or redeem any Note shall (and shall procure that any other New Holder will) promptly (and in any case no later than the Business Day following the date of purchase or redemption) surrender any such Note to the Paying Agent and ensure that the Notes so surrendered are cancelled by the Paying Agent promptly upon receipt and shall provide evidence to the ITM Facility Agent (reasonably satisfactory to the ITM Facility Agent) of such cancellation.

21.17 Distributions

21.17.1 Up to and including 31 December 2013, no Obligor shall (and shall ensure that no member of the Titan Group will) make, pay or permit a Distribution without the prior written consent of the Senior Lenders.

21.17.2 From 1 January 2014 up to and including 31 December 2015 no Obligor shall (and shall ensure that no member of the Titan Group will) make, pay or permit a Distribution if an Event of Default has occurred or is continl)ing or would result from such Distribution.

22 Events of Default

Each of the events or circumstances set out in clause 22 is an Event of Default.

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22.1 Non-payment

22.1.1 An Obligor does not pay on the due date any amount payable pursuant to an ITM Finance Document at the place at and in the currency in which it is expressed to be payable :

22.1.2 No Event of Default will occur under clause 22.1.1 above:

(a) if its failure to pay is caused by:

(i) administrative or technical error, or
(ii) a Disruption Event; and

payment is made within 3 Business Days of its due date, or

(b) in relation to a failure to repay a Loan or to pay interest in respect thereof (the Unpaid Amount), if within 6 months of the date on which such Unpaid Amount fell due and was not paid, the Company has procured thatn investment (including, for the avoidance of doubt, any third party investment) is received by it, in the form of (i) an increase in the equity share capitalof the Company, (ii) the issue of preference shares in the Company, or (iii) subordinated loan(s) to the Company (payments in respect of which are to be subordinated to the repayment of the Loans and any interest in respect thereof on terms approved by the ITM Facility Agent {acting reasonably)), and the proceeds of such investment are applied in payment of the Unpaid Amount.

22.2 Financial covenants

22.2.1 Any requirement of clause 20 *(Financial covenants)* is not satisfied for two consecutive Calculation Dates.

22.2.2 No Event of Default will occur under clause 22.2.1 above if, within 6 months of the earlier of:

(a) an Obligor notifying the ITM Facility Agent of such event or circumstance pursuant to clause 19.5 *(Notification of default),* and

(b) the date of delivery of the Compliance Certificate in respect of the Calculation Date on which an Event of Default would have occurred pursuant to clause 22.2.1 but for the operation of this clause,

the Company has procured that an investment (including, for the avoidance of doubt, any third party investment) is received by it, in the form of (i) an increase in the equity share capital of the Company, (ii) the issue of preference shares in the Company or (iii) subordinated loan(s) to the Company (payments in respect of which are to be subordinated to the repayment of the Loans and any interest in respect thereof on

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terms approved by the ITM Facility Agent (acting reasonably)) at a level which is adequate to remedy the relevant breach(es) of the Financial Covenants. The amount of such investment shall be deemed to be added to "EBITDA" and/or "Net Worth" (as applicable) on the Calculation Date on which an Event of Default would have occurred pursuant to clause 22.2.1 but for the operation of this clause (the Relevant Calculation Date). The relevant breach(es) of the Financial Covenants shall be remedied if, after inclusion of the amount of the investment in "EBITDA" and or/ "Net Worth" (as applicable) pursuant to this clause 22.2.2, the Borrower would have complied with the requirements of clause 20 *(Financial Covenants)* on the Relevant Calculation Date.

22.3 Other obligations

22.3.1 An Obligor does not comply with any provision of the ITM Finance Documents (other than those referred to in clause 22.1 *(Non-payment)* and clause 22.2 *(Financial covenants)).*

22.3.2 No Event of Default under clause 22.3.1 above will occur if the failure to comply is in the reasonable opinion of the ITM Facility Agent capable of remedy and is remedied within 30 Business Days of the ITM Facility Agent giving notice to the Borrower or the Borrower becoming aware of the failure to comply

. 22.4 Compulsory acquisition and destruction

22.4.1 All or a material part of the assets of the Titan Group are seized, expropriated, nationalised, acquired, confiscated, requisitioned or administered (whether compulsorily or not).

22.4.2 All or a material part of the assets of the Titan Group are destroyed or damaged by any event of force majeure or otherwise and such destruction or damage is likely to have a Material Adverse Effect.

22.5 Litigation and court orders

Any claim, litigation, arbitration or administrative proceeding is taking place or threatened against any member of the Titan Group which, if adversely determined, is reasonably likely to have a Material Adverse Effect.

22.6 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the ITM Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any ITM Finance Document is or proves to have been incorrect or misleading in any materialrespect when made or deemed to be made.

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22.7 Cross default

22.7.1 Any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is not paid when due nor within any originally applicable grace period.

22.7.2 Any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

22.7.3 Any commitment for any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) is cancelled or suspended by a creditor of any member of either Group as a result of an event of default {however described).

22.7.4 Any creditor of any member of the Titan Group becomes entitled to declare any Financial Indebtedness of any member of the Titan Group (including under the Convertible Credit) due and payable prior to its specified maturity as a result of an event of default (however described).

22.7.5 No Event of Default will occur under this clause 22.7 *(Cross default)* if the aggregate amount of Financial Indebtedness or original commitment for Financial Indebtedness falling within clauses 22.7.1 to 22.7.4 above is less than €10,000,000 (or its equivalent in any other currency or currencies).

22.8 Insolvency

22.8.1 Any Obligor or any Material Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

22.8.2 Any member of the Titan Group not already referred to in clause 22.8.1, is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness and such occurrence has a Material Adverse Effect.

22.8.3 The value of the assets of any Obligor or any Material Company (or where such event would havea Material Adverse Effect, any other member of the Titan Group) is less than its liabilities (taking into account contingent and prospective liabilities).

22.8.4 A moratorium is declared in respect of any indebtedness of any Obligor or any Material Company or, where such event would have a Material Adverse Effect, any other member of the Titan Group.

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22.9 Insolvency proceedings

Any corporate action, legal proceedings or other insolvency procedure or step is taken in relation to:

22.9.1 the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or any Material Company (or, where such event would have a Material Adverse Effect, any other member of the Titan Group) other than a solvent liquidation or reorganisation of any member of the Titan Group which is not an Obligor;

22.9.2 a composition, compromise, assignment or arrangement with any creditor of any Obligor or any Material Company or, where such event would have a Material Adverse Effect, any other member of the Titan Group;

22.9.3 the appointment of a liquidator (other than in respect of a solvent liquidation of a Material Company which is not an Obligor), receiver, administrative receiver, administrator, compulsory. manager or other similar officer in respect of any Obligor or any Material Company (or, where such event would have a Material Adverse Effect, any other member of the Titan Group) or any of their assets; or

22.9.4 enforcement of any Security over any assets of any member of the Titan Group"; or

22.9.5 any analogous procedure or step is taken in any jurisdiction.

22.10 Article 2447 or 2482-ter of the Italian Civil Code

The occurrence of the circumstances set forth in Article 2447, or 2482-ter, as .applicable, of the Italian Civil Code in relation to a Material Company incorporated in Italy unless, no later than 30 days from the date on which such Titan Group member's directors have knowledge of such occurrence, a shareholders' meeting is convened to vote on a resolution approving a capital increase to comply with the minimum capital requirements under Italian law (and such capital increase has been fully paid up in the next following 30 days).

22.11 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group having an aggregate value of €15,000,000 and is not discharged within 45 days.

22.12 Ownership of ITM and trading of the Company on the AIM

22.12.1 ITM is not or ceases to.be a member of the Titan Group.

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22.12.2 The shares of the Company cease to be traded on an Approved Market.

22.13 Change of control

A person or group of persons acting in concert acquires control of the Company. For the purposes of this clause "control" means the direct or indirect ownership of more than 50% of the voting share capital (or equivalent right of ownership) of the Company or the power to direct its policies and management (including the power to determine the composition of a majority of the board of directors of the Company) whether by virtue of contract or otherwise and "acting in concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Borrower by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower.

22.14 Unlawfulness

It is or becomes unlawful for an Obligor to perform any of its material obligations under the ITM Finance Documents

22.15 Repudiation

22.15.1 Any provision of an ITM Finance Document is not effective in accordance with its terms or an ITM Finance Document is repudiated or a party to an ITM Finance Document (other than an ITM Finance Party) evidences an intention to repudiate an ITM Finance Document.

22.15.2 Any of the Security Documents is not or ceases to be effective and (if the Intercreditor Agent is satisfied (in its absolute discretion) that steps are being diligently taken to remedy the defect) the defect is not remedied within 10 Business Days of its occurrence.

22.16 Material adverse change

Any event or series of events occurs which has a Material Adverse Effect and the Borrower and/or the Company are not able to demonstrate, to the reasonable satisfaction of the Majority Senior Lenders (within 10 Business Days of the notice given to the Borrower by the Intercreditor Agent that, in its opinion, a Material Adverse Effect has occurred) that following such event or series of events the Obligors will continue to be able to meet their payment obligations under the ITM Finance Documents and the Financial Covenants.

22.17 United States Bankruptcy Laws

22.17.1 In this clause:

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"U.S. Bankruptcy Law" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101 et seq), as amended and in effect from time to time and the regulations issued from time to time thereunder, or any other United States Federal or State bankruptcy, insolvency or similar law.

22.17.2 Any of the following occurs in respect of Intertractor USA:

(a) it makes a general assignment for the benefit of creditors;

(b) it commences a voluntary case or proceeding under any U.S. Bankruptcy Law; or

(c) an involuntary case under any U.S. Bankruptcy Law is commenced against it and is not controverted within 30 days or is not dismissed or stayed within 90 days after commencement of the case.

22.18 Acceleration

22.18.1 On and at any time after the occurrence of an Event of Default the ITM Facility Agent may; and shall if so directed by the Majority ITM Lenders, by notice to the Borrower:

. {a) cancel the Total Commitments whereupon they shall immediately be cancelled;.

{b) declare that all or part of the Loans, together with accrued interest, and· all other amounts accrued or outstanding under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the ITM Facility Agent; and

{d) subject to the provisions of the Intercreditor Deed, instruct the Intercreditor Agent to take all the steps necessary to enforce the Security Documents.

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SECTION 9

CHANGES TO PARTIES

23 Changes to the ITM Lenders

23.1 Assignments and transfers by the ITM Lenders

23.1.1 Subject to this clause 23 *(Changes to the ITM Lenders),* an *ITM* Lender {the "Existing ITM Lender") may:

(a) assign any of its rights; or

{b) transfer any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets and which is a Qualifying *ITM* Lender (the "New ITM Lender").

23.2 Conditions of assignment or transfer

23.2.1 The consent of the Borrower is not required for an assignment or transfer by an Existing ITM Lender.

23.2.2 An assignment will only be effective on:

(a) receipt by the *ITM* Facility Agent of written confirmation from the New ITM Lender (in form and substance satisfactory to the ITM Facility Agent) that the New ITM Lender will assume the same obligations to the other ITM Finance Parties as it would have been under if it was an Original ITM Lender;and

{b) performance by the ITM Facility Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in any jurisdiction in relation to such assignment to a New ITM Lender,_ the completion of which the ITM Facility Agent shall promptly notify to the Existing ITM Lender and the New ITM Lender.

23.2.3 A transfer will only be effective if the procedure set out in clause 23.5 *(Procedure for transfer)* is complied with.

23.2.4 If:

(a) an ITM Lender assigns or transfers any of its rights or obligations under the ITM Finance

Documents or changes its Facility Office; and

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(b) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New ITM Lender or ITM Lender acting through its new Facility Office under clause 12 *(Tax gross-up and indemnities)* or clause 13 *(Increased* Costs},

then the New ITM Lender or ITM Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing ITM Lender or ITM Lender acting through its previous Facility Office would *have* been if the assignment, transfer or change had not occurred.

23.2.5 For the purposes of article 1278 of the Luxembourg Civil Code, it is expressly agreed that the Luxco Share Pledge shall be preserved for the benefit *of* the assignee of some of the rights and/or obligations *of* the ITM Lenders and all remaining Secured Parties.

23.3 Assignment or transfer fee

The New ITM Lender shall, on the date upon which an assignment or transfer takes effect, pay to the ITM Facility Agent (for its own account) a fee of €1,750.

23.4 Limitation of responsibility of Existing ITM Lenders

23.4.1 Unless expressly agreed to the contrary, an Existing ITM Lender makes no representation or warranty and assumes no responsibility to a New ITM Lender *for:*

(a) the legality, validity, effectiveness, adequacy or enforceability of the ITM Finance Documents or any other documents;

(b) the financial condition of any Obligor or any operating Subsidiary;

(c) the performance and observance by any Obligor of its obligations under the ITM Finance Documents or any other documents; or

(d) the accuracy of any statements (whether written or oral) made in or in connection with any ITM Finance Document or any other document,

and any representations or warranties implied by law are excluded.

23.4.2 Each New ITM Lender confirms to the Existing ITM Lender and the other ITM Finance Parties that it:

(a) has made (and shall continue to make) its own independent investigation and assessment of the finaf"!cial condition and affairs of each Obligor or any operating Subsidiary and its related entities in connection with its participation in this Agreement

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and has not relied exclusively on any information provided to it by the Existing ITM lender in connection with any ITM Finance Document; and

(b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the ITM Finance Documents or any Commitment is in force.

23.4.3 Nothing in any ITM Finance Document obliges an Existing ITM Lender to:

(a) accept a re-transfer froin a New ITM Lender of any of the rights and obligations assigned or transferred under this clause 23 *(Changes to the ITM Lenders);* or

(b) support any losses directly or indirectly incurred by the New ITM Lender by reason of the non-performance by any Obligor of its obligations under the ITM Finance Documents or otherwise.

23.5 Procedure for transfer

23.5.1 Subject to the conditions set out in clause 23.2 *(Conditions of assignment or transfer)* a transfer is effected in accordance with clause 23.5.3 below when the ITM Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing ITM Lender and the New ITM Lender. The ITM Facility Agent shall, subject to clause 23.5.2 below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

23.5.2 The ITM Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing ITM Lender and the New ITM Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in any jurisdiction in relation to the transfer to such New ITM Lender.

23.5.3 On the Transfer Date:

(a) to the extent that in the Transfer Certificate the Existing ITM Lender seeks to transfer by novation its rights and obligations under the ITM Finance Documents each of the Obligors and the Existing ITM Lender shall be released from further obligations towards one another under the ITM Finance Documents and their respective rights against one another under the· ITM Finance Documents shall be cancelled (being the "Discharged Rights and Obligations");

(b) each of the Obligors and the New ITM Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New ITM Lender have

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assumed and/or acquired the same in place of that Obligor and the Existing ITM Lender;

(c) the ITM Facility Agent, the Arranger, the New ITM Lender and other ITM Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New ITM Lender been an Original ITM Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the ITM Facility Agent, the Arranger and the Existing ITM Lender shall each be released from further obligations to each other under the ITM Finance Documents; and

(d) the New ITM Lender shall become a Party as a "ITM Lender".

23.6 Copy of Transfer Certificate to the Borrow r

The ITM Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Borrower a copy of that Transfer Certificate.

23.7 Disclosure of information

Any ITM Lender may disclose to any of its Affiliates·and any other person:

23.7.1 to (or through) whom that ITM Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

23.7.2 with (or through) whom that ITM Lender enters into (or may potentially enter into) any sub participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or

23.7.3 to whom, and to the extent that, information is required to be disclosed by any applicable Jaw or regulation,

any information about any Obligor, the Titan Group, the Acquisition and the ITM Finance Documents as that ITM Lender shall consider appropriate.

24 Changes to the Obligors

24.1 Assignments and transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the ITM Finance Documents.

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SECTION 10

THE FINANCE PARTIES

25 Role of the ITM Facility Agent and the Arranger

25.1 Appointment of the ITM Facility Agent

25.1.1 Each ITM Finance Party.(other than the ITM Facility Agent and the Intercreditor Agent) appoints the ITM Facility Agent to act as its agent under and *in* connection with the ITM Finance Documents.

25.1.2 Each ITM Finance Party (other than the ITM Facility Agent and the Intercreditor Agent) authorises the ITM Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the ITM Facility Agent under or in connection with the ITM Finance Documents together with any other incidental rights, powers, authorities and discretions.

25.2 Duties of the ITM Facility Agent

25.2.1 The ITM Facility Agent shall promptly forward to a Party the original or a·copy of any document which is delivered to the ITM Facility Agent for that Party by any other Party.

25.2.2 Except where an ITM Finance Document specifically provides otherwise, the ITM Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

25.2.3 If the ITM Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the ITM Finance Parties.

25.2.4 If the ITM Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to an ITM Finance Party (other than the ITM Facility Agent or the Arranger) under this Agreement it shall promptly notify the other ITM Finance Parties.

25.2.5 The ITM Facility Agent's duties under the ITM Finance Documents are solely mechanical and administrative in nature.

25.3 Role of the Arranger

Except as specifically provided in the ITM Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any ITM Finance Document.

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25.4 No fiduciary duties

25.4.1 Nothing in this Agreement constitutes the ITM Facility Agent or the Arranger as a trustee or fiduciary of any other person.

25.4.2 Neither the ITM Facility Agent nor the Arranger shall be bound to account to any ITM Lender for any sum or the profit element of any sum received by it for its own account.

25.5 Business with the Titan Group

The ITM Facility Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Titan Group or with the Borrower or any of their Subsidiaries.

25.6 Rights and discretions of the ITM Facility Agent

25.6.1 The ITM Facility Agent may rely on:

(a) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(b) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within·his power to verify.

25.6.2 The ITM Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the ITM Lenders) that:

(a) no Default has occurred (unless it has actual knowledge of a Default arising under clause 22.1 *(Non-payment))*;

(b) any right, power, authority or discretion vested in any Party or the Majority ITM Lenders has not been exercised; and

(c) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

25.6.3 The ITM Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

25.6.4 The ITM Facility Agent may act in relation to the ITM Finance Documents through its personnel and agents.

25.6.5 The ITM Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

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25.6.6 Notwithstanding any other provision of any ITM Finance Document to the contrary, neither the ITM Facility Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

25.7 Majority ITM Lenders' instructions

25.7.1 Unless a contrary indication appears in an ITM Finance Document, the ITM Facility Agent shall (i) exercise any right, power, authority or discretion vested in it as ITM Facility Agent in accordance with any instructions given to it by the Majority ITM Lenders (or, if so instructed by the Majority ITM Lenders, refrain from exercising any right, power, authority or discretion vested in it as ITM Facility Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority ITM Lenders.

25.7.2 Unless a contrary indication appears in an ITM Finance Document, any instructions given by the Majority ITM Lenders will be binding on all the ITM Finance Parties.

25.7.3 The ITM Facility Agent may refrain from acting in accordance with the instructions of the Majority ITM Lenders (or, if appropriate, the ITM Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

25.7.4 In the absence of instructions from the Majority ITM Lenders, (or, if appropriate, the ITM Lenders) the ITM Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the ITM Lenders.

25.7.5 The ITM Facility Agent is not authorised to act on behalf of an ITM Lender (without first obtaining that ITM Lender's consent) in any legal or arbitration proceedings relating to any ITM Finance Document.

25.8 Responsibility for documentation

Neither the ITM Facility Agent nor the Arranger:

25.8.1 is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the ITM Facility Agent, the Arranger, an Obligor or any other person given in or in connection with any ITM Finance Document or the Information Memorandum; or

25.8.2 is responsible for the legality, validity, effectiveness, adequacy or enforceability of any ITM Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any ITM Finance Document.

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25.9 Exclusion of liability

25.9.1 Without limiting clause 25.9.2 below and without prejudice to the provisions of clause 28.10.5 *(Disruption to Payment Systems etc.),* the ITM Facility Agent will not be liable for any action taken by it under or in connection with any ITM Finance Document, unless directly caused by its gross negligence or wilful misconduct.

25.9.2 No Party (other than the ITM Facility Agent) may take any proceedings against any officer, employee or agent of the ITM Facility Agent in respect of any claim it might have against the ITM Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any ITM Finance Document and any officer, employee or agent of the ITM Facility Agent may rely on this clause. Subject to clause 1.4 *(Third paity rights)* and the provisions of the Third Parties Act.

25.9.3 The ITM Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the ITM Finance Documents to be paid by the ITM Facility Agent if the ITM Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the ITM Facility Agent for that purpose.

25.9.4 Nothing in this Agreement shall oblige the ITM Facility Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any ITM Lender and each ITM Lender confirms to the ITM Facility Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the ITM Facility Agent or the Arranger.

25.10 ITM Lenders' indemnity to the ITM Facility Agent

Each ITM Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the ITM Facility Agent, within three Business Days of demand, against any cost, loss or liability {including, without iimitation, for negligence or any other category of liability whatsoever) incurred by the ITM Facility Agent (otherwise than by reason of the ITM Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 28.10 *(Disruption to Payment Systems etc.)* notwithstanding the ITM Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the ITM Facility Agent) in acting as ITM Facility Agent under the ITM Finance Documents (unless the ITM Facility Agent has been reimbursed by an Obligor pursuant to an ITM Finance Document).

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25.11 Resignation of the ITM Facility Agent

25.11.1 The ITM Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other ITM Finance Parties and the Company.

25.11.2 Alternatively the ITM Facility Agent may resign by giving notice to the other ITM Finance Parties and the Borrower, in which case the Majority ITM Lenders (after consultation with the Company) may appoint a successor ITM Facility Agent.

25.11.3 If the Majority ITM Lenders have not appointed a successor ITM Facility Agent in accordance with clause 25.11.2 above within 30 days after notice of resignation was given, the ITM Facility Agent (after consultation with the Company) may appoint a successor ITM Facility Agent.

25.11.4 The retiring ITM Facility Agent shall, at its own cost, make available to the successor ITM Facility Agent such documents and records and provide such assistance as the successor ITM Facility Agent may reasonably request for the purposes of performing its functions as ITM Facility Agent under the ITM Finance Documents.

25.11.5 The ITM Facility Agent's resignation notice shall only take effect upon the appointment of a successor.

25.11.6 Upon the appointment of a successor, the retiring ITM Facility Agent shall be discharged from any further obligation in respect of the ITM Finance Documents but shall remain entitled to the benefit of this clause 25 *(Role of the ITM Facility Agent and the Arranger).* Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

25.11.7 After consultation with the Company, the Majority ITM Lenders may, by notice to the ITM Facility Agent, require it to resign in accordance with clause 25.11.2 above. In this event, the ITM
. Facility Agent shall resign in accordance with clause 25.11.2 above.

25.12 Confidentiality

25.12.1 In acting as agent for the ITM Finance Parties, the ITM Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

25.12.2 If information is received by another division or department of the ITM Facility Agent, it may be treated as confidential to that division or department and the ITM Facility Agent shall not be deemed to have notice of it.

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25.13 Relationship with the ITM Lenders-

The ITM Facility Agent may treat each ITM Lender as an ITM Lender, entitled to _payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that ITM Lender to the contrary in accordance with the terms of this Agreement.

25.14 Credit appraisal by the ITM Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any ITM Finance Document, each ITM Lender confirms to the ITM Facility Agent and the Arranger that it has been, and will continue to be, solely responsibie for making its own independent appraisal and investigation of all risks arising under or in connection with any ITM Finance Document including but not limited to:

25.14.1 the financial condition, status and nature of each member of the Titan Group;

25.14.2 the legality, validity, effectiveness, adequacy or enforceability of any ITM Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any ITM Finance Document;

25.14.3 whether that ITM Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with. any ITM Finance Document, the transactions contemplated by the ITM Finance Documents or any· other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any ITM Finance Document; and

25.14.4 the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the ITM Facility Agent, any Party or by any other person under or in connection with any ITM Finance Document, the transactions contemplated by the ITM Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipationof, under or in connection with any ITM Finance Document.

25.15 Reference Banks

If a Reference Bank (or, if a Reference Bank is not an ITM Lender, the ITM Lender of which it is an Affiliate) ceases to be an ITM Lender, the ITM Facility Agent shall {in consultation with the Company) appoint another ITM Lender or an Affiliate of an ITM Lender to replace that Reference Bank.

25.16 Deduction from amounts payable by the ITM Facility Agent

If any Party owes an amount to the ITM Facility Agent under the ITM Finance Documents the ITM Facility Agent may, after giving nofce to that Party, deduct an amount not exceeding that

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amount from any payment to that Party which the ITM Facility Agent would otherwise be obliged to make under the ITM Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the ITM Finance Documents that Party shall be regarded as having received any amount so deducted.

26 Conduct of business by the ITM Finance Parties

No provision of this Agreement will:

26.1.1 interfere with the right of any ITM Finance Parties to arrange its affairs (tax or otherwise) in . whatever manner it thinks fit;

26.1.2 oblige any ITM Finance Parties to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

26.1.3 oblige any ITM Finance Parties to disclose any information relating to its affairs {tax or otherwise) or any computations in respect of Tax.

27 Sharing among the ITM Finance Parties

27.1 Payments to ITM Finance Parties

Subject to the provisions of the Intercreditor Deed, if an ITM Finance Party (a "Recovering ITM Finance Party") receives or recovers any amount from an Obligor other than in accordance with clause 28 *(Payment mechanics)* and applies that amount to a payment due under this Agreement then:

27.1.1 the Recovering ITM Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the ITM Facility Agent;

27.1.2 the rna Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering ITM Finance Party would have been paid had the receipt or recovery been received or made by the ITM Facility Agent and distributed in accordance with clause 28 *(Payment mechanics),* without taking account of any Tax which would be imposed on the ITM Facility Agent in relation to the receipt, recovery or distribution; and

27.1.3 the Recovering ITM Finance Party shall, within three Business Days of demand by the ITM Facility Agent, pay to the ITM Facility Agent an amount (the "Sharing Payment") equal to such receipt or recovery less any amount which the ITM Facility Agent determines may be retained by the Recovering ITM Finance Party as *its* share of any payment to be made, in accordance with clause 28.5 *(Partial payments).*

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27.2 Redistribution of payments

The ITM Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the ITM Finance Parties (other than the Recovering ITM Finance Party) in accordance with clause 28.5 *(Partial payments).*

27.3 Recovering ITM Finance Parties's rights

27.3.1 On a distribution by the ITM Facility Agent under clause 27.2 *(Redistribution of payments),* the Recovering ITM Finance Party will be subrogated to the rights of the ITM Finance Parties which have shared in the redistribution.

27.3.2 If and to the extent that the Recovering ITM Finance Party is not able to rely on its rights under clause 27.3.1 above, the relevant Obligor shall be liable to the Recovering ITM Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

27.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering ITM Finance Party becomes repayable and is repaid by that Recovering ITM Finance Parties; then:

27.4.1 each ITM Finance Party which has received a share of the relevant Sharing Payment pursuant to clause 27.2 *(Redistribution of payments)* shall, upon request of the ITM Facility Agent, pay to the ITM Facility Agent for account of that Recovering ITM Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering ITM Finance Party for its proportion of any interest on the Sharing Payment which that Recovering ITM Finance Party is required to pay); and

27.4.2 that Recovering ITM Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing ITM Finance Parties for the amount so reimbursed.

27.5 Exceptiohs

27.5.1 This clause 27 *(Sharing among the ITM Finance Parties)* shall not apply to the extent that the Recovering ITM Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.

27.5.2 A Recovering ITM Finance Party is not obliged to share with any other ITM Lender any amount which the Recovering ITM Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(a) it notified that other ITM Finance Parties of the legal or arbitration proceedings; and

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(b) the other ITM Finance Parties had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

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SECTION 11

ADMINISTRATION

28 Payment mechanics

28.1 Payments to the ITM Facility Agent

28.1.1 On each date on which an Obligor or an ITM Lender is required to make a payment under an ITM Finance Document, that Obligor or ITM Lender shall make the same available to the ITM Facility Agent (unless a contrary indication appears in an ITM Finance Document) for value on the due date at the time and in such funds specified by the ITM Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

28.1.2 Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the ITM Facility Agent specifies.

28:2 Distributions by the ITM Facility Agent

Each payment received by the ITM Facility Agent under the ITM Finance Documents for another Party shall, subject to clause 28.3 *(Distributions to Obligors)* and clause 28.4 *(Ciawback)* be made available by the ITM Facility Agent as soon as practicable after receipt . to the Party entitled to receive payment in accordance with this Agreement (in the case of an ITM Lender, for the account of its Facility Office), to such account as that Party may notify to the ITM Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

28.3 Distributions to Obligors

28:3.1 Subject to clause 28.3.2 each payment received by the ITM Facility Agent in respect *of* the Revolving Facility shall·be paid by the ITM Facility Agent into the relevant Revolving Account.

28.3.2 Without prejudice and in addition to any other right of the ITM Finance Parties under any applicable law the ITM Facility Agent may (with the consent of the Obligor or in accordance with clause 29 *(Set-off))* apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and furids of receipt) of any amount due from that Obligor under the ITM Finance Documents or in or towards purchase of any amount of any currency to be so applied.

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28.4 Clawback

28.4.1 Where a sum is to be paid to the ITM Facility Agent under the ITM Finance Documents for another Party, the ITM Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

28.4.2 If the ITM Facility Agent pays an amount to another Party and it proves to be the case that the ITM Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the ITM Facility Agent shall on demand refund the same to the ITM Facility Agent together with interest on that amount from the date of payment to the date of receipt by the ITM Facility Agent, calculated by the ITM Facility Agent to reflect its cost of funds.

28.5 Partial payments

28.5.1 If the ITM Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the ITM Facility Agent shall (subject to the relevant provisions of the Intercreditor Deed) apply that payment towards the obligations of that Obligor under this Agreement in the following order:

(a) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the ITM Facility Agent under this Agreement;

(b) secondly, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) thirdly, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(d) fourthly, in or towards payment pro rata of any other sum due but unpaid under this Agreement.

28.5.2 The ITM Facility Agent shall, if so directed by the Majority ITM Lenders, vary the order set out in clauses 28.5.1(b) to 28.5.1(d) above.

28.5.3 Clauses 28.5.1 and 28.5.2 above will override any appropriation made by an Obligor.

28.6 No set-off by Obligors

All payments to be made *by* an Obligor under·the ITM Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

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28.7 Business Days

28.7.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

28.7.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

28.8 Currency of account

28.8.1 Subject to clauses 28.8.2 and 28.8.3 below, euro is the currency of account and payment for any sum due from an Obligor under any ITM Finance Document.

28.8.2 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

28.8.3 Any amount expressed to be payable in a currency other than euro shall be paid in that other currency.

28.9 Change of currency

28.9.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

{a) any reference in the ITM Finance Documents to, and any obligations arising under the ITM Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the ITM Facility Agent {after consultation with the Company); and

(b) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the ITM Facility Agent {acting reasonably).

28.9.2 If a change in any currency of a country occurs, this Agreement will, to the extent the ITM Facility Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended tocomply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

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28.10 Disruption to Payment Systems etc.

If either the ITM Facility Agent determines (in its discretion) that a Disruption Event has occurred or the ITM Facility Agent is notified by the Borrower that a Disruption Event has occurred:

28.10.1 the ITM Facility Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the ITM Facility Agent may deem necessary in the circumstances;

28.10.2 the ITM Facility Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in clause 28.10.1 if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

28.10.3 the ITM Facility Agent may consult with the ITM Finance Parties in relation to any changes mentioned in clause 28.10.1 but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

28.10.4 any such changes agreed upon by the ITM Facility Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the ITM Finance Documents notwithstanding the provisions of clause 34 *(Amendments and Waivers);* ·

28.10.5 the ITM Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the ITM Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 28.10 *(Disruption to Payment Systems etc.);* and

28.10.6 the ITM Facility Agent shall notify the ITM Finance Parties of all changes agreed pursuant to clause 28.10.4 above.

29 Set-off

Subject to the relevant provisions of the Intercreditor Deed, an ITM Finance Party may set off any matured obligation due from an Obligor under the ITM Finance Documents (to the extent beneficially owned by that ITM Finance Parties) against any matured obligation owed by that ITM Finance Parties to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the ITM Finance Parties may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

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30 Notices

30.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

30.2 Addresses

The address and fax number {and the department or officer, if any, for whose attention the communication is to be made) of each

Party for any communication or document to be made or delivered under or in connection with this Agreement is:

30.2.1 in the case of the Company, that identified below:
Address: Bridge Road, Coakley, Nr Kidderminster, Worcestershire DY10 3SD
Attention: Miss Cecilia La Manna/Mr. Gary Chesterton
Fax number: +44 {0) 1562 850 561
Telephone number: +44 {0) 1562 852 554

30.2.2 in the case of the Borrower:
Address: Via Confortino 23/28, 1-40056 Cr.espellano, Joe. Calcara (Bologna), Italy
Attention: Cecilia La Manna
Fax number:+39 051 738 2.90

30.2.3 in the case of ITM:
Address: Via Confortino 23/28, 1-40056 Crespe!lano, loc. Calcara {Bologna), Italy
Attention: Cecilia La Manna
Fax number: +39 051 738 290

30.2.4 in the case of each ITM Lender that notified in writing to the ITM Facility Agent on or prior to the date on which it becomes a Party; and

30.2.5 in the case of the ITM Facility Agent and the Intercreditor Agent, that identified below:
Address: Loan Agency, Direzlone Investment Banking and Capital Markets, Piazza della Scala 6, Milan 20121, Italy

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Attention: Miss Paola Elardo/Miss Maria Antonietta Rumbolo

Fax number: +39 02 8794 2013

Telephone number: +39 02 87943892

or any substitute address or fax number or department or officer as the Party may notify to the ITM Facility Agent (or the ITM Facility Agent may notify to the other Parties, if a change is made by the ITM Facility Agent) by not less than five Business Days' notice.

30.3 Delivery

30.3.1 Any communication or document made or delivered by one person to another under or in connection with the ITM Finance Documents will only be effective:

(a) if by way of fax, when received in legible form; or

(b) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 30.2 *(Addresses),* if addressed to that department or officer.

30.3.2 Any communication or document to be made or delivered to the ITM Facility Agent will be effective only when actually received by the ITM Facility Agent and then only if it is expressly marked for the attention of the department or officer identified with the ITM Facility Agent's signature below (or any substitute department or officer as the ITM Facility Agent shall specify for this purpose)

30.3.3 All notices from or to an Obligor shall be sent through the ITM Facility Agent.

30.3.4 Any communication or document made or delivered to the Borrower in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

30.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to clause 30.2 *(Addresses)* or changing its own address or fax number, the ITM Facility Agent shall notify the other Parties.

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30.5 Electronic communication

Any communication to be made between the ITM Facility Agent and an ITM Lender under or in connection with the ITM Finance Documents may be made by electronic mail or other electronic means, if the ITM Facility Agent and the relevant ITM Lender:

30.5.1 agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

30.5.2 notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

30.5.3 notify each other of any change to their address or any other such information supplied by them.

30.6 Any electronic communication made between the ITM Facility Agent and an ITM Lender will be effective only when actually received in readable form and in the case of any electronic communication made by an ITM Lender to the ITM Facility Agent only if it is addressed in such a manner as the ITM Facility Agent shall specify for this purpose.

30.7 English language

30.7.1 Any notice given under or in connection with any ITM Finance Document must be in English.

30.7.2 All other documents provided under or in connection with any ITM Finance Document must be:

(a) in English; or

(b) if not in English, and if so required by the ITM Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

31 Calculations and certificates

31.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with an ITM Finance Document, the entries made in the accounts maintained by an ITM Finance Party aie *prima facie* evidence of the matters to which they relate.

31.2 Certificates and Determinations

Any certification or determination by an ITM Finance Party of a rate or amount under any ITM Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

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31.3 Day count convention

Any interest, commission or fee accruing under an ITM Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

32 Partial invalidity

If, at any time, any provision of the ITM Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any *way* be affected or impaired.

33 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any ITM Finance Parties, any right or remedy under the ITM Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

34 Amendments and Waivers

34.1 Required consents

34.1.1 Subject to:

(a) the relevant provisions of the Intercreditor Deed; and

(b) clause 34.2 *(Exceptions)* below,

any term of this Agreement may be amended or waived only with the consent of the Majority

ITM Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

34.1.2 The ITM Facility Agent may effect on behalf of any ITM Finance Parties, any amendment or waiver permitted by this clause.

34.2 Exceptions

34.2.1 An amendment or waiver that has the effect of changing or which relates to:

(a) the definition of "Majority ITM Lenders,. in clause 1.1 *(Definitions);*

(b) an extension to the date of payment of any amount under this Agreement;

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(c) a reduction in the Margin not expressly provided for in this Agreement or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(d) any provision which expressly requires the consent of all the ITM Lenders; or

(e) Clause 2.2 *(ITM Finance Parties' rights and obligations),* clause 23 *(Changes to the ITM Lenders)* or this clause 34 *(Amendments and Waivers);*

shall not be made without the prior consent of all the ITM Lenders.

34.2.2 An amendment or waiver which relates to the rights or obligations of the ITM Facility Agent or the Arranger may not be effected without the consent of the ITM Facility Agent or the Arranger.

34.2.3 An amendment or waiver that has the effect of changing or which relates to:

(a) an increase in or an extension of any Commitment under this Agreement; an

(b) any provision which expressly requires the consent of the Intercreditor Agent (whether or not on the instruction of the Majority Senior Lenders), or any consent, approval or instruction from the Majority Senior Lenders, of all the ITM Lenders; or

(c) this clause 34 *(Amendments and Waivers);*

shall only be made in accordance with the provisions of the Intercreditor Deed.

35 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

36 Summary Document

The Summary Document to be delivered by the Borrower pursuant to this Agreement is solely to provide a summary of the main terms and conditions of the Agreement for the purposes of the Bank of Italy's instructions on the transparency of banking transactions and services *(Istruzioni di vigilanza perle banche, Titolo X, Capitola* 1). The Parties agree that the Summary Document is not intended to amend, supplement or interpret this Agreement. In case of inconsistency between this Agreement and the Summary Document, this Agreement will prevail for all purposes.

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SECTION 12

GOVERNING LAW AND ENFORCEMENT

37 Governing law

This Agreement is governed by English law.

38 Enforcement

38.1 Jurisdiction

38.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "Dispute").

38.1.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

38.1.3 This clause 38.1 *(Jurisdiction)* is for the benefit of the ITM Finance Parties only. As a result, no ITM Finance Parties shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the ITM Finance Parties may take concurrent proceedings in any number of jurisdictions.

38.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, the Borrower and ITM as ITM Guarantor:

38.2.1 irrevocably appoint the Company as their agent for service of process in relation to any proceedings before the English courts in connection with any ITM Finance Document; and

38.2.2 agree that failure by the process agent to notify the relevant of the process will not invalidate the proceedings concerned.

38.3 Waiver of immunity

Each Obligor irrevocably and unconditionally:

(a) agrees not to claim any immunity from proceedings brought by an ITM Finance Party against it in relation to an ITM Finance Document and to ensure that no such claim is made on its behalf;

(b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

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(c) waives all rights of immunity in respect of it or its assets.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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Schedule 1

The OriginalParties

Part 1

The Original Obligors

Name of the Company	Registration number (or equivalent, if any)
Titan Europe pic	3018340

Name of Borrower	Tax code, VAT and Registration number with the Companies Register of Potenza
·Italtractor I.T.M. S.p.A.	01731300362

Name of Guarantors	Registration number (or if applicable, Tax code and VAT number}
Titan Europe pic	3018340
Italtractor Operations S.p.A.	0292550362 (Companies Register of Modena)

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Part2

The Original ITM lenders

Name of Original ITM Lender	Revolvicing Facility Commitment	Term Loan Facility Commitment	Term Loan A	Term Loan B
Intesa Sanpaolo S.p.A	'€15,000,000	'€50,000,000	'€30,000,000	'€6,000,000
Unicredit S.p.A	'€10,600,000	'€35,300,000	'€30,500,000	'€6,000,000
(formerly Unicredit Corporate Banking S.p.A., formerly Banca di Roma S.p.A.)				
Unicredit S.p.A.	'€4,400,000	'€14,700,000		
(formerly Unicredit Corporate Banking S.p.A., formerly Bipop Carire S.p.A.)				

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Schedule 2

Conditions precedent

Conditions Precedent to InitialUtilisation

1 Obligors.

(a) A copy of the constitutional documents of the Company.

(b) A copy of a resOlution of the board of directors of the Company:·

(i) approving the terms of, and the transactions contemplated by, the ITM Finance Documents to which it is a party and resolving that it execute the ITM Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the ITM Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the ITM Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A certificate of the Company (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on the Company to be exceeded.

(e) A certificate of an authorised signatory of each Obligor certifying that each copy

· document relating to it specified in this Part 1 of Schedule 2 *(Conditions precedent)* is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(f) The Original Financial Statements of the Company.

(g) A notarial deed of incorporation and by-laws *(statuto ed atto costitutivo)* of the Borrower.

(h) An extract of the pages of the relevant company register of the Borrower containing the resolution of the board of directors of the Borrower (or if required by the existing constitutional documents of the Borrower, a copy of a resolution of the shareholders meeting of the Borrower):

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(i) approving the terms of, and the transactions contemplated by, the ITM Finance Documents to which it is or will become a party and resolving that it execute the ITM Finance Documents to which it is a party and grant all the Security to be granted by it under any Security Document;

(ii} authorising a specified person or persons to execute the ITM Finance Documents and the other ITM Finance Documents to which it is a party and any Security Document to which it is a party on its behalf; and

(iii}" authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (inCluding, any Utilisation Request} to be sighed and/or despatched by it under or in connection with the ITM Finance Documents.

(i) A specimen of the signature of each person authorised by the resolution referred to in paragraph (h) above, and, if necessary, a notarised copy of a power of attorney empowering such person to sign the above documents on behalf of the Borrower.

0) A certificate of the Borrower (signed by a director or legal representative) confirming that borrowing or guaranteeing the Total Commitments would not causany borrowing, guaranteeing or similar limit binding on it to be exceeded and that none of the circumstances contemplated in article 2447 of the Italian Civil Code has occurred in respect of it.

(k) A *certificato di vigenza* of the Borrower including a non-insolvency statement dated not earlier than 10 Business Days prior to the date of this Agreement.

(l} Certificates from the competent court *(certificato di assenza di procedure concorsuaft)*

attesting that no insolvency proceedings against the Borrower have been commenced

(m) Evidence of the outstanding intercompany indebtedness to be refinanced under the Facility and a certificate signed by an authorised signatory of the Borrower describing the nature of such indebtedness and its main terms and conditions and certifying that such indebtedness is properly accounted for in the accounting books of the Borrower.

2 Legal opinions

(a} A legal opinion ofNorton Rose, English legal advisers to the Arranger. (b) A legal opinion of Norton Rose, Italian legal advisers to the Arranger
(c) A legal opinion of Gateley Wareing LLP as English legal advisers to the Company.
(d) A legal opinion of Norton Rose, as German legal advisers to the Arranger in relation to the Intertractor Share Pledge.

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(e) A legal opinion of Allen & Overy, Milan, Italian legal advisers to the Company addressed to the ITM Facility Agent and the other ITM Finance Parties on issues such as, inter alia, status and capacity of the Borrower and any other Security Provider incorporated in Italy, to enter into and perform the ITM Finance Documents to which any of such entity is a party (or in the case of a Security Provider, to grant the relevant Security).

(f) A tax opinion from Allen & Overy, Milan addressing, *inter alia,* any issue relating to the relevant thin capitalisation rules applicable to the Company and the Borrower.

3 Other documents and evidence

(a} Evidence that the Acquisition has been fully and unconditionally completed and certified copies of all the Acquisition Documents.

(b) A certified copy of the Framework Agreement duly executed by the Existing Banks.

(c) Evidence that a capital increase in the Company of not less than £70,000,000 has been completed and fully paid in following Admission.

(d) An original of each ITM Finance Document, duly executed by the parties to it.

(e) A copy of any other Authorisation or other document, opinion or assurance which the ITM Facility Agent reasonably considers to be necessary or desirable following CI change in law, banking regulations or banking practice in connection with the entry into and performance of the transactions contemplated by any ITM Finance Document or for the validity and enforceability of any ITM Finance Document.

(f) The final business plan relating to the Acquisition, the Structure Memorandum and the Existing Debt Chart.

(g) Evidence that the fees, costs and expenses then due from any Obligor pursuant to clause 11 *(Fees),* clause 16 *(Costs and expenses)* and the letter cancelling a facility agreement dated 7 December 2005 have been paid or will be paid by the first Utilisation Date.

(h) A copy of the Admission Document.

(i) A Summary Document (in the form of Schedule 5 *(Summary Document)* signed for acknowledgement and acceptance by the relevant Borrower and constituting the *Documento di Sintesi* required by the relevant Italian banking regulations, namely Section 10 of the Bank of Italy's regulations of 25 July 2003 and the C.I.C.R. resolution dated 4 March 2003.

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(j) An extract of the pages (stamped with the notarial seal) of the relevant company register setting out the ITM corporate resolutions approving an equity injection *(versamento in conto capita/e)* in ITM for not less than €94,000,000.

(k) Evidence that the process agent specified in clause 38.2 *(Service of process)* has accepted its appointment in relation to the Borrower and ITO as ITM Guarantor.

4 Security

(a) Evidence that all Security to be created pursuant to the Security Documents has been *:*

.created and all the formalities required by any applicable law for the perfection of such Security have been complied with.

(b) In relation to Security Providers incorporated outside Italy, copies of any corporate authorisation or evidence that any other necessary action has been taken to authorise each Security Provider to enter into, deliver and perform the Security Document to which any such Security Provider is a party and in relation to any Security Providers incorporated in Italy, an extract of the pages (stamped with the notarial seal) of the relevant company register of each Security Provider to enter into, deliver and perform the Security Document to which ith Security Provider is a party.

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Schedule 3

Form of Utilisation Request

Utilisation Request

From: *[Borrower]*

To: *[ITM Facility Agent]*
Dated: Dear Sirs

€130,000,000 Facility Agreement dated [] {the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow a Loan on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Amount:

[] or, if less, the Available Facility

Interest Period: []

3 The principal amount (or its equivalent in euro) of the Existing Secured Facilities outstanding as at the date of this Utilisation Request is € [].

4 We confirm that each condition specified in clause 4.2 *(Further conditions precedent)* is satisfied on the date of this Utilisation Request.

5 We confirm that the proceeds of this Loan will be applied towards one or more of the purposes specified in clause 3.1 *(Purpose)* of the Agreement as follows:

Clause: []

Purpose: []

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6 [We have attached hereto the evidence and the certificate referred to in clause 5.3.4 of the

Agreement]' [we have attached hereto the evidence and the certificate referred to in clause
5.3.7 of the Agreement].

7 [In relation to a Utilisation under the Term Loan Facility, we confirm that the copies of the documents referred to in sub-paragraphs (a), (b) and (c) of clause 5.3.7 of the Agreement are true copies of the originals.]·

8 The proceeds of this Loan should be credited to *[specify account detail and details of the account holder].*

9 This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for

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Schedule 4

Form of Transfer Certificate

To: [] as ITM Facility Agent

From: *[The Existing ITM Lender]* (the "Existing ITM Lender") and *[The New ITM Lender]* (the "New ITM Lender") Dated:

Dear Sirs

€130,000,000 Facility Agreement dated [] (the "Agreement")

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to clause 23.5 *(Procedure for transfer):*

(a) The Existing ITM Lender and the New ITM Lender agree to the Existing ITM Lender transferring to the New ITM Lender all or part of the Existing ITM Lender's Commitment. rights and obligations . referred to in the Schedule in accordance with clause 23.5 *(Procedure for transfer).*

(b) The proposed Transfer Date is [].

(c) The Facility Office and address. fax number and attention details for notices of the New ITM Lender for the purposes of clause 30.2 *(Addresses)* are set out in the Schedule.

3 The New ITM Lender expressly acknowledges the limitations on the Existing ITM Lender's obligations set out in clause 23.4.3 *(Limitation of responsibility of Existing ITM Lenders).*

[4/5] This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

[5/6] This Transfer Certificate is governed by English law.

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THE SCHEDULE CommitmenUrights and obligations to be transferred

[insert relevant details]

(Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing ITM Lender] [New ITM Lender] By: By:

This Transfer Certificate is accepted by the ITM Facility Agent and the Transfer Date is confirmed as

].

[ITM Facility Agent] By:

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Schedule 5

Form of Summary Document

Il presente documento, redatto ai sensi delle istruzioni della Banca d'Italia sulla trasparenza dei servizi e delle operazioni bancarie *(Jstruzioni di Vigilanza perle banche, Titolo X, Capitola* 1), evidenzia una sintesi delle piu significative condizioni contrattuali ed economiche del *Facilities Agreement* per complessivi Euro 80.000.000 (ottantamilioni) stipulato in data 2 febbraio 2006 come modificato in data 19 maggio 2009, tra le parti qui di seguito indicate (il "Contralto diFinanziamento").

Il testo integrale delle clausole che regolano il finanziamento e contenuto nel Contratto di Finanziamento. Parole ed espressioni definite nel Contratto di Finanziamento hanno il medesimo significato quando usate nel presente documento.

1 PARTICONTRATTUALI E PRINCIPAL! CONDIZIONI DEL FINANZIAMENTO

1.1 Parti

Debitore {Borrower): Italtractor Operations. S.p.A.

Banche Finanziatrici (Original ITM Lenders): Intesa Sanpaolo S.p.A (gia Intesa S.p.A.) UniCredit Corporate Banking S.p.A. (gia Banca di Roma S.p.A. e Bipop Carire

Banca Agente (ITM FAcility Agent): Intesa Sanpaolo S.p.A (gia Intesa S.p.A.) Arranger: Intesa Sanpaolo S.p.A (gia Intesa S.p.A.) Intercreditor Agent: Intesa Sanpaolo S.p.A (gia Intesa S.p.A.) Garanti: Titan Europe pice Italtractor Operations S.p.A.

1.2 Importo complessivo del Finanziamento, come modificato in data 19 maggio 2009: Euro

80.000.000 (ii"Finanziamento")

·Facility: per un ammontare massimo di Euro 80.000.000

Scopo: finanziare gli ammontari dovuti dalla Societa o da una delle sue controllatw (definite "Subsidiaries") per l'acquisto o il rimborso, in tutto o in parte, delle Notes in circolazione;

Periodo di interessi: ha inizio in corrispondenza deii'Utilisation Date o (se gia avvenuta) dell'ultimo giorno del precedente periodo di interessi. II periodo di interessi durera 3 mesi aile condizioni indicate all'art. 9 *(Interest Periods)* del Contratto diFinanziamento;

Tasso di interesse: EURIBOR piu il Margine *(Margin)* di volta in volta applicabile;

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Margine: 3,50% in ragione d'anno

Tasso di mora: la misura sara determinata aumentando il tasso di interesse di 1,5%;

Rimborso: in 20 rate di eguale importo, aile condizioni indicate all'art. 6.1 del Contratto di Finanziamento.

2 DICHIRAZIONI E GARANZIE

Come meglio descritto all'art. 18 *(Representation)* del Contratto di Finanz!amento, questa riguardano, *inter alia:* status, poteri, pari passu, assenda di conflitti con altre obbligazioni, assenza di eventi di risoluzione, assenza di procedure concorsuali, corporate benefit.

3 PRINCIPAL! OBBLIGAZIONI DEL DEBITORE

Come meglio descritto agli artt. 19 *(Information undertakings),* 20 *(Financial covenants)* e 21 *(General undertakings),* queste includono, *inter alia:* specifici obblighi informative, if rispetto di determinati parametric finanziari, il rispetto dei termini e delle condizioni della Hedging Policy, il negative pledge, il *pari* passu, il non concedere prestiti ne garanzie se non nei limiti indicati nel Contralto di Finanziamento, la possibilita di procedere ad operazioni di fusione o acquisizione solo aile condizioni e nei termini previsti dal Contralto di Finanzianiento.

4 RISOLUZIONE

Al verificarsi di determinati eventi o per violazione di clausole contrattuali rilevanti come da art. 22 *(Events of Default)* del Contratto di Finanziamento.

5 INDICATORE SINTETICO DI COSTO

L'indicatore sintetico di costo e pari a []%

6 LEGGE APPLICABILE E FORO COMPETENTE

Il Contratto di Finanziamento e regolato dalla legge inglese e qualsiasi controversia (incluse quelle relative all'esistenza, alia validita o alia risoluzione del Contralto di Finanziamento) sara devoluta alia competenza esclusiva delle cortiinglesi.

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Schedule 6

Form of Compliance Certificate

To: [] as ITM Facility Agent

From: [Borrower] Dated:
Dear Sirs

€130,000,000 Facility Agreement dated [] (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement *have* the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that: [Insert details of covenants to be certified]

3 [We confirm that no Default is continuing.]'

Signed:

Director of.	· Director of
[Borrower]	[Borrower]

for and on behalf of

[name of the Borrower]

for and on behalf of

[name of the Borrower}

If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, If any, being taken to remedy it.

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Schedule 7

Existing Security

Name of Obligor	Security	Total Principal Amount of Indebtedness Secured
Intertractor America Co.	First priority security interest in and to any and all property of the company	All monies and liabilities owed to La · Salle Bank N.A.
Italtractor Landroni Ltda	Mortgage of real estate	All monies due to Banco Nacional do Desenvolvimento Economico e Social

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Schedule 8

Timetables

Delivery of a duly completed Utilisation Request (clause 5.1 *(Delivery of a Utilisation Request)*	11:00 a.m. Brussels time 3 Business days before requested Utilisation Date
ITM Facility Agent notifies the ITM Lenders of the Loan in accordance with clause 5.4 *(ITM Lenders' participation)*	
EURIBOR is fixed	Quotation Day as of 11:00 am (Brussels time)

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Schedule 9

Repayment Schedule

Repayment Date	Repayment Instalment
31 January 2012	'€2,000,000
30 April 2012	'€2,000,000
31 July 2012	'€2,000,000
31 October 2012	'€2,000,000
31 January 2013	'€2,000,000
30 April 2013	'€2,000,000
31 July 2013	'€2,000,000
31 October 2013	'€2,000,000
31 January 2014	'€5,500,000
30 April 2014	'€5,500,000
31 July 2014	'€5,500,000
31 October 2014	'€5,500,000
31 January 2015	'€5,500,000
30 April 2015	'€5,500,000

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Repayment Date	Repayment Instalment
31 July 2015	'€5,500,000
31 October 2015	'€5,500,000

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Schedule 10

Hedging Policy

1 Introduction

1.1 This Schedule 10 *(Hedging Policy)* constitutes the Hedging Policy for the purposes of the Facility Agreement between, among others, Italtractor ITM S.p.A. as Borrower and Intesa Sanpaolo S.p.A. as Intercreditor Agent, ITM Facility Agent and ITM Lender. Under clause 21.8 *(Hedging)* of the Facility Agreement, the Borrower is obliged to comply with the terms of this Hedging Policy.

1.2 The objective of the Hedging Policy is to mitigate the Borrower's exposure to interest rate risk.

1.3 The Parties agree that the ITM Hedging Agreements are to be used solely as a risk management tool to protect the Borrower from adverse movements in financial markets. The Borrower shall not enter into the ITM Hedging Agreements or derivative transactions as a means of speculating on movements in the underlying financial markets.

1.4 In this Hedging Policy, "Base Amount" means at any time the aggregate of (i) the aggregate principal amount outstanding under the Term Loan Facility and (i) the aggregate principal amount hedged under the ITO Facility.

2 Obligation to enter ITM Hedging Agreements

2.1 The Borrower shall:

2.1.1 enter into ITM Hedging Agreements that satisfy the requirements of paragraphs 2.2 and 2.3 of this Hedging Policy by no later than seven Business Days from the date of the Amendment and Restatement Agreement No. 1; and

2.1.2 be obliged to maintain at all times ITM Hedging Agreements which when aggregated with the principal amount of the ITO Facility hedged under the ITO Hedging Agreements (as defined under the ITO Facility) is in aggregate at least 100% of the Bctse Amount.

2.2 The Borrower shall only enter into an ITM Hedging Agreement with Intesa Sanpaolo S.p.A. or any Affiliate of Intesa Sanpaolo S.p.A. or, subject to the consent of the Arranger, another person who is a Lender or an Affiliate of a Lender and who is attributed a credit rating by S&P of at least A- or by Moody's of at least A3.

2.3 The Borrower shall enter into and maintain at all times ITM Hedging Agreements in accordance with paragraph 2.1, at the prevailing market conditions at the time of entering into of such ITM Hedging Agreements.

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2.4 The ITM Hedging Agreements contemplated by paragraph 2.3 shall match the repayment profile of the Term Loan Facility in respect of which such ITM Hedging Agreement nominally relates.

2.5 In respect of any period ending prior to the first Repayment Date, the Borrower shall ensure that the due date for value (as referred to in Section 2(a)(ii) of the ISDA Master Agreement (2002) and as specified in the applicable confirmations) in respect of each ITM Hedging Agreement shall coincide with the Interest Payment Dates relative to the Loan in respect of which such ITM Hedging Agreement nominally relates.

2.6 In respect of any period commencing on or after the first Repayment Date for the Term Loan Facility, the Borrower shall ensure that each due date for value in respect of each ITM Hedging Agreement shall coincide with each Interest Payment Date relative to the Term Loan in respect of which such ITM Hedging Agreement nominally relates.

3 Prepayment of Loans

3.1 If the Borrower:

(a) makes a prepayment (whether in whole or in part) of any of the Term Loans to which any of the ITM Hedging Agreements nominally relate; or

(b) cancels all or part of any of the Commitments under any of the Term Loan Facility to which any of the ITM Hedging Agreements nominally relate,

then the Borrower shall immediately close out and terminate sufficient ITM Hedging Agreements (or part thereof) as is necessary to ensure that the aggregate notional principal amount of the ITM Hedging Agreements is no greater than 105% of the outstanding amount under the Facility to which such ITM Hedging Agreements relate.

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Schedule 11

Existing Financial Indebtedness

Part I

Existing Financial Indebtedness

Debtor	**Lender**	Financial Indebtedness (£)
Titan Europe Pic	Lloyds	£7,500,000
Titan Italia S.p.A.	BNL/Intesa Sanpaolo	'£2,770,000
Intertractor USA	Intesa Sanpaolo	'£10,533,000
Titan Europe Pic	Pool of banks	'£24,703,000
Members of Titan Group	Various	£9,987,000 (financial lease)
ITO	Intesa Sanpaolo/Unicredit	'£27,874,000
Italtractor Landroni Ltda	Intesa Sanpaolo	'£2,215,000

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Part II

Existing Short Term Financial Indebtedness

Debtor	Lender	Financial Indebtedness (£)
Titan Europe Pic	Lloyds	'£7,500,000
Titan Italia S.p.A.	BNUintesa Sanpaolo	'£22,985,000
Titan France S.a.s.	Various	'£1,719,000
Titan Wheels Australia	National Australian Bank	'£2,427,000
Aros del Pacifico S.A.	BBVA	'£1,514,000
Aros del Pacifico S.A.	Various	'£65,000
ITM	Intesa Saopaolo/MPS	'£17,189,000
ITO	**BNL**	'£5,760,000
PYRSA	Various	'£3,173,000
Intertractor	Commerzbank	'£3,716,000
PYRSA	Various	'£781,000
Titan Wheels Australia	Various	'£338,000

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Exhibit 21

TITAN INTERNATIONAL, INC.
SUBSIDIARIES

Name	Jurisdiction of Incorporation
Titan Tire Corporation	Illinois
Titan Tire Corporation of Bryan	Ohio
Titan Tire Corporation of Freeport	Illinois
Titan Wheel Corporation of Illinois	Illinois
Titan Pneus Do Brasil Ltda	Brazil
Titan Europe Plc	United Kingdom
Italtractor Operations S.p.A	Italy

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Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-71788 and No. 33-80306) of Titan International, Inc. of our report dated February 22, 2012 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K. We also consent to the reference to us under the heading "Selected Financial Data" in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
St. Louis, MO
February 22, 2012

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri

February __, 2013

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Exhibit 31.1

CERTIFICATION

I, Maurice M. Taylor Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Titan International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2013

By: /s/ MAURICE M. TAYLOR JR.
Maurice M. Taylor Jr.
Chief Executive Officer and Chairman
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION

I, Paul G. Reitz, certify that:

1. I have reviewed this annual report on Form 10-K of Titan International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2013

By: /s/ PAUL G. REITZ
Paul G. Reitz
Chief Financial Officer
(Principal Financial Officer)

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Exhibit 32

CERTIFICATION

In connection with the Annual Report of Titan International, Inc. on Form 10-K for the period ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies that, to the best of their knowledge, this Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

TITAN INTERNATIONAL, INC.
(Registrant)

Date: February 27, 2013

By: /s/ MAURICE M. TAYLOR JR.
Maurice M. Taylor Jr.
Chairman and Chief Executive Officer
(Principal Executive Officer)

By: /s/ PAUL G. REITZ
Paul G. Reitz
Chief Financial Officer
(Principal Financial Officer)

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