

TOWER AUTOMOTIVE INC

Form 11-K

June 21, 2006

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

**(Mark One)**

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

**For the fiscal year ended December 31, 2005**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-12733  
Tower Automotive Union 401(k) Plan  
Tower Automotive, Inc.  
27175 Haggerty Road  
Novi, Michigan 48377**

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Tower Automotive Union 401(k) Plan

**Financial Report  
December 31, 2005**

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**Tower Automotive Union 401(k) Plan**

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Report of Independent Registered Public Accounting Firm

To the Administrative Committee  
Tower Automotive Union 401(k) Plan  
Novi, Michigan

We have audited the accompanying statement of net assets available for benefits of the Tower Automotive Union 401(k) Plan as of December 31, 2005 and 2004 and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Tower Automotive Union 401(k) Plan as of

December 31, 2005 and 2004 and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The supplemental schedule of assets held at end of year as of December 31, 2005 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Plante & Moran, PLLC  
Grand Rapids, Michigan  
May 19, 2006

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**Table of Contents****Tower Automotive Union 401(k) Plan****Statement of Net Assets Available for Benefits**

	December 31	
	2005	2004
<b>Assets</b>		
Participant-directed investments:		
Pooled separate account	\$ 12,153,971	\$ 12,773,202
Mutual funds	45,862,850	47,141,331
Money market fund	53,559	106,834
Tower Automotive, Inc. common stock	75,561	2,245,003
Participant loans	3,668,505	4,857,490
Total participant-directed investments	61,814,446	67,123,860
Receivables:		
Employer contributions	574,158	21,223
Employee contributions	63,212	93,798
Total receivables	637,370	115,021
<b>Net Assets Available for Benefits</b>	<b>\$ 62,451,816</b>	<b>\$ 67,238,881</b>

See Notes to Financial Statements.

**Table of Contents****Tower Automotive Union 401(k) Plan****Statement of Changes in Net Assets Available for Benefits**

	Year Ended December 31	
	2005	2004
<b>Additions to Net Assets</b>		
Investment income:		
Interest and dividends	\$ 1,586,875	\$ 802,327
Net appreciation (depreciation) in fair value of investments in:		
Mutual funds	1,369,711	3,553,070
Pooled separate account	493,430	466,568
Tower Automotive, Inc.		
Common stock	(2,719,593)	(1,958,516)
Total investment income	730,423	2,863,449
Contributions:		
Employer	3,156,735	2,876,296
Employee	5,234,521	6,284,714
Rollover	30,544	83,923
Total contributions	8,421,800	9,244,933
Total additions	9,152,223	12,108,382
<b>Deductions from Net Assets</b>		
Benefits paid directly to participants	13,887,900	3,261,163
Administrative expenses	35,924	89,693
Total deductions	13,923,824	3,350,856
<b>Net (Decrease)/Increase in Net Assets Prior to Transfers</b>	(4,771,601)	8,757,526
<b>Transfers (Note 1)</b>	(15,464)	(77,911)
<b>Net (Decrease)/Increase in Net Assets</b>	(4,787,065)	8,679,615

**Net Assets Available for Benefits**

Beginning of year	67,238,881	58,559,266
End of year	<b>\$ 62,451,816</b>	<b>\$ 67,238,881</b>

See Notes to Financial Statements.

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**Tower Automotive Union 401(k) Plan**

**Notes to Financial Statements  
DECEMBER 31, 2005 AND 2004**

**Note 1 Description of the Plan**

The following description of the Tower Automotive Union 401(k) Plan (the Plan ) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan s provisions.

**General** - The Plan is a defined contribution plan under Section 401(k) of the Internal Revenue Code that covers certain union employees of the subsidiaries of R.J. Tower Corporation (collectively, the Company ). The Plan is sponsored by R.J. Tower Corporation (the Sponsor ), the parent of the Company. Eligible employees can become participants on the first day of the month or quarter, as applicable, following the date on which the Plan s eligibility requirements are met. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On February 2, 2005, Tower Automotive, Inc. (the Parent of the Sponsor) and its US subsidiaries, including the Company and the Sponsor (collectively the Debtors ), filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court Southern District of New York. The Debtors are operating their businesses as debtors-in-possession pursuant to the Bankruptcy Code. An official committee of unsecured creditors has been appointed.

The Debtors have requested that the Bankruptcy Court approve payment of certain pre-petition liabilities including employee wages and benefits. Since the filing, all orders sufficient to enable the Debtors to conduct normal business activities, including the approval of the Debtors financing have been entered by the Bankruptcy Court. While the Debtors are subject to Chapter 11, all transactions of the Debtors outside the ordinary course of business will require the prior approval of the Bankruptcy Court.

It is unclear what impact, if any, this will have on the Company s workforce and the Plan. These financial statements do not include any adjustments or disclosure appropriate for a terminating plan as the Sponsor has no intention nor has taken any actions necessary to terminate the Plan. The Company has closed four of its nine business units associated with the Plan during 2004 and 2006.

**Contributions** - Participants may elect to make contributions to the Plan through payroll deductions of 1 percent to 90 percent of the participant s compensation, as defined in the Plan and as limited by the participant s related union agreement. The Plan also allows participants to transfer funds from other qualified plans into the Plan. During the plan years ended December 31, 2005 and 2004, \$15,464 and \$77,911, respectively, was transferred from the Plan into other Company qualified plans.

The Company may make a matching contribution based on the participant s contributions. This matching contribution amount is determined by collective bargaining agreements with the covered unions. The Company may also make a profit-sharing contribution as determined in accordance with the collective bargaining agreements.

**Plan Operations** - The Company appointed New York Life Trust Company to act as trustee of the Plan. The Company has also appointed a committee of employees of the Company to act as plan administrator. The trustee is responsible for holding the investment assets of the Plan, executing investment transactions, and making distributions to participants. The plan administrator interprets and communicates the provisions of the Plan, ensures that all government and participant reporting requirements are fulfilled, and approves all distributions from the Plan to participants.

**Table of Contents****Tower Automotive Union 401(k) Plan****Notes to Financial Statements  
DECEMBER 31, 2005 AND 2004**

**Participant Accounts** - Individual accounts are maintained for each participant, with benefits limited to the amount contributed to the participant's account plus or minus any allocation of income, expenses, gains, or losses. Participants direct the investment of their accounts among various investment options offered by the Plan. Allocations to participant accounts are based on compensation or account balances, as specified by the plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting** - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in employer contribution accounts is based on years of continuous service, as follows:

Business Unit	Matching	Profit-Sharing
Bluffton	None	None
Clinton	None	100% at all times
Corydon	100% at all times	20% per year (fully vested at five years)
Granite City Carpenters Union	100% at all times	100% after three years
Granite City UAW Local 3602	100% at all times	100% after three years
Greenville	100% at all times	None
Kendallville	100% at all times	100% after three years
Plymouth	100% at all times	100% after three years
Milan	100% at all times	100% after three years
Traverse City	100% at all times	100% after three years

**Loans to Participants** - Under certain conditions, a participant may obtain a loan from the Plan. A participant's loan cannot exceed the lesser of \$50,000 or one-half of the participant's non-forfeitable interest in the Plan. The loan will bear a reasonable interest rate, be adequately secured, and not exceed a period of five years (15 years for purchase of a primary residence, if permitted by collective bargaining agreement). Principal and interest is paid ratably through payroll deductions.

**Payment of Benefits** - Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or periodic installments, as determined by the collective bargaining unit. In-service withdrawals are also allowed under the terms of the Plan.

**Forfeited Accounts** - Forfeited balances of terminated participants' non-vested accounts are first used to reduce Company contributions with any remaining forfeitures being used to pay administrative expenses.

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**Tower Automotive Union 401(k) Plan**

**Notes to Financial Statements  
DECEMBER 31, 2005 AND 2004**

**Note 2 Summary of Accounting Policies**

**Assets and Liabilities** - Accounting policies relative to the basis of recording assets and liabilities conform to Department of Labor guidelines. The fair value of the pooled separate accounts is based on the quoted market prices of the underlying assets. Investments in money market and mutual funds and shares of common stock are valued at market value as determined by quoted market prices. Participant loans are valued at their outstanding balance, which approximates fair value.

The underlying asset of the pooled separate account is the Stable Value Account which is provided by New York Life Insurance Company. The Stable Value Account is valued at contract value, which approximates fair value due to the short maturity of the contract. Contract value represents investments at cost plus accrued interest income less amounts withdrawn to pay benefits.

The Stable Value Account is invested mostly in collateralized mortgage obligations, corporate and agency bonds, and mortgage backed securities.

Amounts contributed to the Stable Value Account earn a guaranteed interest rate as determined by New York Life Insurance Company and is guaranteed to be no less than 0 percent before any deduction for expenses. During the plan years ended December 31, 2005 and 2004, the crediting interest rate on the Stable Value Account was 4.43 percent and 4.38 percent, respectively.

**Benefit Payments** Benefits are recorded when paid.

**Administrative Expenses** - Certain administrative expenses and withdrawal fees charged by the Plan's trustee are paid out of plan assets. All other expenses incurred in conjunction with the Plan are paid by the Company.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties** The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**New Accounting Pronouncements** - In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). This FSP makes the definition of benefit-responsive more restrictive so that certain investment contracts currently reported at contract value may be reported at fair value. Management has not yet determined the impact this standard, which is effective for the plan year ending December 31, 2006, will have on the Plan's financial statements.

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DECEMBER 31, 2005 AND 2004****Note 3 Investments**

The fair value of significant individual investments at December 31, 2005 and 2004, is as follows:

	2005	2004
Pooled separate account New York Life Anchor Account	\$ 12,153,971	\$ 12,773,202
Mutual funds:		
PIMCO Total Return Fund	3,825,118	4,199,534
AIM Basic Value Fund	5,999,448	6,145,428
Federated Capital Appreciation Fund	6,708,336	7,935,561
Oppenheimer Capital Appreciation Fund	3,798,828	3,764,797
AIM Small Cap Growth Fund	3,214,506	3,699,000
MainStay Income Manager Fund	4,120,970	4,280,158
MainStay S&P 500 Index Fund	6,772,932	7,339,215
Artisan International Fund	3,307,363	2,853,747

**Note 4 Related Party Transactions**

Certain plan investments are shares of a pooled separate account, mutual funds, and a money market fund managed by New York Life Trust Company. New York Life Trust Company is the trustee, as defined by the Plan; therefore, these transactions qualify as party-in-interest transactions.

Until February 7, 2005, participants could elect to invest in Tower Automotive, Inc. common stock. Effective February 7, 2005, additional investments in Tower Automotive, Inc. common stock were suspended. . Tower Automotive, Inc. is the parent of the sponsor of the Plan.

**Note 5 Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participants will become 100 percent vested and amounts credited to participants' accounts will be distributed to participants in accordance with the Plan's provisions.

The Company has closed several of its business units associated with the Plan between 2004 and 2006 as part of its operational restructuring to reduce excess

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DECEMBER 31, 2005 AND 2004**

capacity and improve operational efficiency. Due to these closures, a partial plan termination has occurred. All participants affected by these closures will become 100 percent vested in their account balances.

**Note 6 Tax Status**

The Plan obtained its latest determination letter dated March 22, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, after consultation with legal counsel, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**Note 7 Reconciliation with Form 5500**

The following is a reconciliation of net assets available for plan benefits per the financial statements to Form 5500 at December 31, 2005 and 2004:

	2005	2004
Net assets available for benefits per financial statements	\$ 62,451,816	\$ 67,238,881
Less contributions receivable at December 31	(637,370)	(115,021)
 Net assets available for benefits per Form 5500	 \$ 61,814,446	 \$ 67,123,860

The following is a reconciliation of contributions per the financial statements to Form 5500 for the year ended December 31, 2005:

	Employee	Employer
Contributions per financial statements	\$ 5,234,521	\$ 3,156,735
Less contributions receivable at December 31, 2005	(63,212)	(574,158)
Plus contributions receivable at December 31, 2004	93,798	21,223
 Contributions per Form 5500	 \$ 5,265,107	 \$ 2,603,800

The following is a reconciliation of contributions per the financial statements to Form 5500 for the year ended December 31, 2004:

	Employee	Employer
Contributions per financial statements	\$ 6,284,714	\$ 2,876,296
Less contributions receivable at December 31, 2004	(93,798)	(21,223)
Plus contributions receivable at December 31, 2003	124,437	354,381
 Contributions per Form 5500	 \$ 6,315,353	 \$ 3,209,454

Contributions made after year end were accrued as receivables on the financial statements as of December 31. Contributions are recognized when received on the Form 5500.

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**Schedule of Assets Held at End of Year**  
**Form 5500, Schedule H, Item 4i**  
**EIN 38-1521832, Plan 004**  
**December 31, 2005**

(a)(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment (Including Maturity Date, Rate of Interest, Par, or Maturity Value)	Cost	Current Value
New York Life Trust Company	Pooled separate account New York Life Anchor Account	*	\$ 12,153,971
	Mutual funds:		
	PIMCO Total Return Fund	*	3,825,118
	MainStay Income Manager Fund	*	4,120,970
	AIM Basic Value Fund	*	5,999,448
	MainStay S&P 500 Index Fund	*	6,772,932
	Franklin Balance Sheet Investment Fund	*	2,273,517
	AIM Small Cap Growth Fund	*	3,214,506
	Artisan Mid Cap Fund	*	2,604,872
	MainStay A MAP Fund	*	853,809
	Federated Capital Appreciation Fund	*	6,708,336
	Fidelity Advisor Value Strategies Fund	*	836,970
	Goldman Sachs Mid Cap Value Fund	*	1,546,181
	Oppenheimer Capital Appreciation Fund	*	3,798,828
	Artisan International Fund	*	3,307,363
	Money market account MainStay Cash Reserves Fund	*	53,559
Tower Automotive, Inc.	Common stock Tower Automotive, Inc.	*	75,561
Participants	Participant loans Bearing interest at rates ranging from 5.00 percent to 10.50 percent		3,668,505
	Total investments		<b>61,814,446</b>

\* Cost information not required

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Tower Automotive Union 401(k) Plan

DATE: June 20 , 2006

/s/ Christopher T. Hatto

Christopher T. Hatto, Corporate Controller  
and Chief  
Accounting Officer of Tower Automotive,  
Inc.

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EXHIBIT INDEX

Exhibit No.	Description
23	Consent of Independent Registered Public Accounting firm