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

FORM 10-Q

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

For Quarterly Period Ended: March 31, 2004

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
(State of Incorporation)

36-3228472
(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 [X] No []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Shares Outstanding at April 28, 2004</u>
Common stock, no par value per share	16,302,856

TITAN INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TITAN INTERNATIONAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands, except earnings per share data)

	Three months ended	
	March 31,	
	<u>2004</u>	<u>2003</u>
Net sales	\$ 166,976	\$ 128,984
Cost of sales	<u>139,683</u>	<u>118,589</u>
Gross profit	27,293	10,395
Selling, general & administrative expenses	11,712	11,417
Research and development expenses	822	668
Goodwill impairment on Titan Europe	<u>2,988</u>	<u>0</u>
Income (loss) from operations	11,771	(1,690)
Interest expense	(5,150)	(4,975)
Other income	<u>46</u>	<u>478</u>
Income (loss) before income taxes	6,667	(6,187)
Provision (benefit) for income taxes	<u>1,391</u>	<u>(309)</u>
Net income (loss)	<u>\$ 5,276</u>	<u>\$ (5,878)</u>
<u>Earnings (loss) per share:</u>		
Basic	\$.25	\$(.28)
Diluted	\$.25	\$(.28)
<u>Average shares outstanding:</u>		
Basic	21,197	20,789
Diluted	21,197	20,789

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

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except share data)

	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 9,592	\$ 6,556
Accounts receivable (net of allowance of \$4,667 and \$5,331, respectively)	66,693	83,975
Inventories	72,537	112,496
Assets held for sale	37,539	37,775
Assets held for sale – Titan Europe	170,729	0
Deferred income taxes	20,343	20,343
Prepaid and other current assets	<u>15,855</u>	<u>25,801</u>
Total current assets	393,288	286,946
Property, plant and equipment, net	83,061	138,482
Restricted cash deposits	51,039	51,039
Other assets	8,682	27,794
Goodwill, net	<u>11,702</u>	<u>18,823</u>
Total assets	<u>\$ 547,772</u>	<u>\$ 523,084</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term debt (including current portion of long-term debt)	\$ 86,653	\$ 21,161
Accounts payable	36,642	51,931
Liabilities held for sale – Titan Europe	81,220	0
Other current liabilities	<u>26,919</u>	<u>29,883</u>
Total current liabilities	231,434	102,975
Deferred income taxes	22,796	22,796
Other long-term liabilities	29,401	36,960
Long-term debt	<u>147,196</u>	<u>248,397</u>
Total liabilities	<u>430,827</u>	<u>411,128</u>
Stockholders' equity		
Common stock (no par, 60,000,000 shares authorized; 27,555,081 issued)	27	27
Additional paid-in capital	203,050	203,050
Retained earnings	15,799	10,629
Treasury stock (at cost: 6,357,761 shares)	(81,204)	(81,204)
Accumulated other comprehensive loss	<u>(20,727)</u>	<u>(20,546)</u>
Total stockholders' equity	<u>116,945</u>	<u>111,956</u>
Total liabilities and stockholders' equity	<u>\$ 547,772</u>	<u>\$ 523,084</u>

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

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Three months ended March 31,	
	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net income (loss)	\$ 5,276	\$ (5,878)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	6,735	7,867
Goodwill impairment	2,988	0
(Increase) decrease in current assets:		
Accounts receivable	(24,734)	(26,835)
Inventories	3,317	(5,102)
Prepaid and other current assets	539	(1,421)
Increase (decrease) in current liabilities:		
Accounts payable	14,598	9,692
Other current liabilities	9,155	6,147
Other, net	<u>(831)</u>	<u>496</u>
Net cash provided by (used for) operating activities	<u>17,043</u>	<u>(15,034)</u>
Cash flows from investing activities:		
Capital expenditures, net	(3,012)	(1,800)
Other, net	<u>157</u>	<u>58</u>
Net cash used for investing activities	<u>(2,855)</u>	<u>(1,742)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	348	7,299
Payment of debt	(2,181)	(1,057)
Repurchase of common stock	0	(244)
Dividends paid	(106)	(104)
Other, net	<u>0</u>	<u>188</u>
Net cash (used for) provided by financing activities	<u>(1,939)</u>	<u>6,082</u>
Effect of exchange rate changes on cash	(216)	117
Net increase (decrease) in cash and cash equivalents	12,033	(10,577)
Cash and cash equivalents at beginning of period	<u>6,556</u>	<u>22,049</u>
Cash and cash equivalents at end of period	<u>\$ 18,589</u> (a)	<u>\$ 11,472</u>

(a) Includes \$8,997 of cash and cash equivalents that has been reclassified as Assets held for sale – Titan Europe. All other assets and liabilities held for sale continue to be reflected within continuing operations.

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

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

A. Accounting Policies

In the opinion of Titan International, Inc. (“Titan” or the “Company”), the accompanying unaudited consolidated condensed financial statements contain all adjustments, which are normal and recurring in nature, necessary to present fairly its financial position as of March 31, 2004, and the results of operations and cash flows for the three months ended March 31, 2004 and 2003.

Accounting policies have continued without change and are described in the Summary of Significant Accounting Policies contained in the Company’s 2003 Annual Report on Form 10-K. These interim financial statements have been prepared pursuant to the Securities and Exchange Commission’s rules for Form 10-Q’s and, therefore, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2003 Annual Report on Form 10-K. Details in those notes have not changed significantly, except as a result of normal interim transactions and certain matters discussed hereafter.

Stock-based compensation

At March 31, 2004, the Company has two stock-based compensation plans, which are described in Note 21 to the Company’s financial statements on Form 10-K for the fiscal year ended December 31, 2003. The Company applies the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees,” and related Interpretations in accounting for those plans. The Company granted no stock options during the first quarter of 2004 or 2003 and no stock-based compensation expense was required to be recorded. For the first quarter of 2004 and 2003, the total stock-based compensation expense as determined under the fair value method for all awards, net of related tax effects, was computed to be zero and two thousand dollars, respectively. All prior grants became fully vested in 2002.

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

B. Inventories

Inventories consisted of the following (in thousands):

	March 31, <u>2004</u>	December 31, <u>2003</u>
Raw materials	\$ 24,373	\$ 38,054
Work-in-process	3,615	17,457
Finished goods	<u>37,488</u>	<u>53,177</u>
	65,476	108,688
LIFO reserve	<u>7,061</u>	<u>3,808</u>
	<u>\$ 72,537</u>	<u>\$112,496</u>

The large inventory decrease resulted from the reclassification of inventories at Titan Europe to assets held for sale. See Note D for additional information. The Titan Europe inventory balance that was reclassified totaled \$36.4 million. The LIFO reserve changed primarily as a result of price fluctuations within the composition of LIFO inventory layers. Included in the above inventory balances at March 31, 2004, and December 31, 2003, are reserves for slow-moving and obsolete inventory of \$4.0 million and \$6.8 million respectively.

C. Assets Held for Sale

In December 2003, the Company's management and Board of Directors approved the sale of certain operating assets with a carrying value of \$37.8 million at December 31, 2003. At March 31, 2004, \$37.5 million of these assets remain. Land and buildings at the Company's idle facilities in Walcott, Iowa, and Greenwood, South Carolina, totaling \$4.9 million are included in this amount. Management has identified no impairment on the carrying value of these assets as of March 31, 2004. Machinery and equipment located at the Company's idle facilities in Brownsville, Texas, and Natchez, Mississippi, totaling \$32.6 million are also included in assets held for sale. Depreciation is not being recorded on assets held for sale in accordance with Statement of Financial Accounting Standards (SFAS) No. 144. Depreciation on these assets held for sale was \$1.3 million for the quarter ended March 31, 2003. Had these assets not been classified as held for sale, depreciation would have been \$1.4 million for the quarter ended March 31, 2004. Appraisals from third-party valuation firms support the fair market value of the machinery and equipment at these facilities to be in excess of the carrying value. The Company has had inquiries regarding these assets and is continuing the sales process with the intention of completion by the end of 2004.

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

D. Assets and Liabilities Held for Sale – Titan Europe

On April 7, 2004, Titan Luxembourg S.a.r.l. (“Titan Luxembourg”), a European subsidiary, sold 70% of the common stock of Titan Europe, Limited (“Titan Europe”) to the public on the Alternative Investment Market (AIM) of the London, England Stock Exchange. Titan Luxembourg owned 100% of Titan Europe as of March 31, 2004. See Note P for additional information. The assets and liabilities of Titan Europe have been reclassified to held for sale. The Titan Europe assets and liabilities held for sale consisted of the following (in thousands):

Assets Held for Sale – Titan Europe

Cash and cash equivalents	\$ 8,997
Accounts receivable	41,199
Inventories	36,445
Other current assets	9,428
Property, plant and equipment, net	51,751
Other assets	18,545
Goodwill, net	<u>4,364</u>
	<u>\$170,729</u>

Liabilities Held for Sale – Titan Europe

Short-term debt	\$ 14,244
Accounts payable	29,304
Other current liabilities	11,757
Other long-term liabilities	6,971
Long-term debt	<u>18,944</u>
	<u>\$ 81,220</u>

E. Property, Plant and Equipment

Property, plant and equipment, net reflects accumulated depreciation of \$165.0 million and \$230.2 million at March 31, 2004, and December 31, 2003, respectively. The large decrease resulted from the reclassification of property, plant and equipment at Titan Europe to assets held for sale. See Note D for additional information. The Titan Europe property, plant and equipment balance that was reclassified totaled \$51.8 million. The Company has reviewed the fixed assets to assess recoverability from future operations. No impairment has been identified as of March 31, 2004.

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

F. Warranty Costs

The Company provides limited warranties on workmanship on its products in all market segments. 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 Condensed Balance Sheets. Changes in the warranty liability consisted of the following (in thousands):

	<u>2004</u>	<u>2003</u>
Warranty liability, January 1	\$ 1,508	\$ 1,617
Provision for warranty liabilities	616	577
Warranty payments made	<u>(486)</u>	<u>(543)</u>
Warranty liability, March 31	<u>\$ 1,638</u>	<u>\$ 1,651</u>

G. Goodwill

Goodwill, net reflects accumulated amortization of \$2.9 million at March 31, 2004, as compared to \$5.8 million at December 31, 2003. Goodwill amortization was ceased in January 2002, pursuant to the adoption of Statement of Financial Accounting Standards (SFAS) No. 142.

The carrying amount of goodwill by segment at March 31, 2004 was (i) agricultural of \$6.9 million, (ii) earthmoving/construction of \$3.6 million, and (iii) consumer of \$1.2 million. The decrease in net goodwill to \$11.7 million at March 31, 2004, from \$18.8 million at December 31, 2003, is the result of (i) impairment of Titan Europe goodwill of \$3.0 million and (ii) reclassification of remaining goodwill at Titan Europe to assets held for sale along with a currency translation adjustment for a total of \$4.1 million. See Note D and Note M for additional information.

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, which was the case given the pending disposition of a majority interest in Titan Europe at March 31, 2004. There can be no assurance that future goodwill tests will not result in a charge to earnings.

TITAN INTERNATIONAL, INC.

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

H. Long-term Debt

Long-term debt consisted of the following (in thousands):

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Senior subordinated notes	\$136,750	\$136,750
Term loan	86,425	86,425
Revolving loan agreement	0	0
Foreign subsidiary debt	0 (a)	35,653
Industrial revenue bonds and other	<u>10,674</u>	<u>10,730</u>
	233,849	269,558
Less: Amounts due within one year	<u>86,653</u>	<u>21,161</u>
	<u>\$147,196</u>	<u>\$248,397</u>

(a) The large decrease in debt resulted from the reclassification of debt at Titan Europe to liabilities held for sale. See Note D for additional information. The Titan Europe debt that was reclassified totaled \$33.2 million at March 31, 2004.

Aggregate maturities of long-term debt at March 31, 2004, were as follows (in thousands):

April 1 – December 31, 2004	\$ 5,120
2005	81,691
2006	124
2007	136,848
2008	566
Thereafter	<u>9,500</u>
	<u>\$233,849</u>

TITAN INTERNATIONAL, INC.

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

I. Comprehensive Income (Loss)

Comprehensive income, which included net income of \$5.3 million and the effect of foreign currency translation adjustments of \$(0.2) million, totaled \$5.1 million for the first quarter of 2004, compared to a comprehensive loss of \$(5.9) million in the first quarter of 2003, which included no net effects of foreign currency translation adjustments.

J. Employee Benefit Plans

The Company has two frozen defined benefit pension plans. The components of net periodic pension cost consisted of the following (in thousands):

	Three months ended March 31,	
	<u>2004</u>	<u>2003</u>
Interest cost	\$ 1,116	\$ 1,154
Expected return on assets	(1,098)	(870)
Amortization of unrecognized prior service cost	34	36
Amortization of unrecognized deferred taxes	(14)	(15)
Amortization of net unrecognized loss	<u>402</u>	<u>398</u>
Net periodic pension cost	<u>\$ 440</u>	<u>\$ 703</u>

During the first quarter of 2004, the Company contributed \$0.9 million to its frozen defined benefit pension plans. The Company presently anticipates contributing approximately \$7.6 million to its pension plans in the remainder of 2004.

TITAN INTERNATIONAL, INC.

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

K. Segment Information

The table below presents information about certain revenues and income from operations used by the chief operating decision maker of the Company for the three months ended March 31, 2004 and 2003 (in thousands):

<u>2004</u>	<u>Revenues from external customers</u>	<u>Intersegment revenues</u>	<u>Income (loss) from operations</u>
Agricultural	\$103,306	\$ 17,368	\$ 12,713 (b)
Earthmoving/construction	53,389	8,716	3,969 (b)
Consumer	10,281	1,239	886 (b)
Reconciling item (a)	<u>0</u>	<u>0</u>	<u>(5,797)</u>
Consolidated totals	<u>\$166,976</u>	<u>\$ 27,323</u>	<u>\$ 11,771 (b)</u>
<u>2003</u>			
Agricultural	\$ 78,102	\$ 24,946	\$ 3,387
Earthmoving/construction	41,044	11,195	1,547
Consumer	9,838	2,754	208
Reconciling items (a)	<u>0</u>	<u>0</u>	<u>(6,832)</u>
Consolidated totals	<u>\$128,984</u>	<u>\$ 38,895</u>	<u>\$ (1,690)</u>

(a) Represents corporate expenses and depreciation and amortization expense related to property, plant and equipment carried at the corporate level.

(b) Amount includes the pro rata portion of the goodwill impairment recorded on Titan Europe during the first quarter of 2004.

TITAN INTERNATIONAL, INC.

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

<u>Total assets</u>	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Agricultural	\$273,111	\$246,138
Earthmoving/construction	160,868	144,580
Consumer	26,205	27,130
Reconciling items (c)	<u>87,588</u>	<u>105,236</u>
Consolidated totals	<u>\$547,772</u>	<u>\$523,084</u>

(c) Represents corporate property, plant and equipment and other corporate assets.

L. Income Taxes

The Company recorded income tax expense of \$1.4 million and an income tax benefit of \$0.3 million for the three months ended March 31, 2004 and 2003, respectively. The Company's income tax expense differs from the amount of income tax determined by applying the statutory U.S. federal income tax rate to pre-tax loss primarily as a result of income tax expense to be paid in foreign jurisdictions and the application of a valuation allowance on the domestic net deferred tax asset balance. As a result of several periods of recurring losses, the Company began reserving its net deferred tax asset position at December 31, 2002, consistent with the Company's accounting policies.

The Company will continue to monitor its income tax position and will review the necessity of the valuation allowance at the end of each reporting period. To the extent it is determined deferred tax assets will be realized in excess of deferred tax liabilities, some or all of the valuation allowance will be reversed. At March 31, 2004, the Company's valuation allowance remained consistent with its year-end position.

M. Goodwill impairment on Titan Europe

On April 7, 2004, Titan Luxembourg, a European subsidiary, sold 70% of the common stock of Titan Europe, to the public on the AIM market in London. Titan recognized, in the first quarter of 2004, a \$3.0 million goodwill impairment on the pending sale of Titan Europe based on the valuation of Titan Europe inherent in the April 2004 public offering in accordance with accounting standards. The April 2004 consideration for the entire Titan Europe offering was \$89.5 million as compared to a book value of \$92.5 million resulting in a goodwill impairment of \$3.0 million. See Note P for additional information.

TITAN INTERNATIONAL, INC.

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

N. Lease Commitments

The Company leases certain buildings and equipment under operating leases, including a lease for the building in Brownsville, Texas. The Brownsville, Texas, lease has been renewed until September 2005, with the continued use of this facility as a distribution and warehouse center for the Company. Titan also maintains a purchase option for the one million square foot building that would be approximately \$12.9 million depending on the exercise date and other items. Certain lease agreements provide for renewal options, fair value purchase options, and payment of property taxes, maintenance and insurance by the Company.

At March 31, 2004, future minimum commitments under noncancellable operating leases with initial or remaining terms of one year were as follows (in thousands):

April 1 – December 31, 2004	\$ 1,979
2005	1,744
2006	793
2007	793
2008	237
Thereafter	<u>12</u>
	<u>\$ 5,558</u>

The table above does not include future minimum commitments of \$2.0 million for Titan Europe. See subsequent event Note P for additional information. The future minimum commitments for Titan Europe were as follows (in thousands) (i) \$360 for April 1 through December 31, 2004, (ii) \$466 for 2005, (iii) \$466 for 2006, (iv) \$316 for 2007, (v) \$316 for 2008, and (vi) \$40 thereafter.

TITAN INTERNATIONAL, INC.

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

O. New Accounting Standards

Financial Accounting Standards Board Interpretation Number 46

In December 2003, Financial Accounting Standards Board Interpretation (FIN) No. 46, "Consolidation of Variable Interest Entities," was revised. FIN No. 46 was originally issued in January 2003 and requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the activities of the variable interest entity or is entitled to receive a majority of the entity's residual returns. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. For entities created prior to this date, adoption of the statement and interpretations is required to be applied in the first interim period beginning after March 15, 2004. Certain disclosure requirements were required for all financial statements issued after January 1, 2003. The adoption of this interpretation had no material effect on the Company's financial position, cash flows or results of operations.

Statement of Financial Accounting Standards Number 132

In December 2003, Statement of Financial Accounting Standards (SFAS) No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," was revised. The new Statement does not change the measurement or recognition of those plans that is required by previously issued standards. The Statement retains the disclosure requirements contained in SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which it replaces, and also requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The additional disclosures required by SFAS No. 132 (revised 2003) are effective for fiscal years ending after December 15, 2003. The Company has disclosed the additional information required by this statement. The adoption of SFAS No. 132 (revised 2003) had no material effect on the Company's financial position, cash flows or results of operations.

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

P. Subsequent Events

Titan Europe Sale

On April 7, 2004, Titan Luxembourg, a European subsidiary, sold 70% of the common stock of Titan Europe, to the public on the AIM market in London. Titan Luxembourg will be the largest single stockholder in Titan Europe Plc, retaining a 30% interest, which will be accounted for as an equity investment in future periods. Titan Luxembourg's proceeds from the sale of Titan Europe shares were approximately \$61.8 million before fees and expenses of approximately \$2.8 million. The Company will record cash receipts of approximately \$49.8 million and a note receivable from the newly created public company, Titan Europe Plc, of approximately \$9.2 million. At March 31, 2004, the assets and liabilities of Titan Europe were reclassified as held for sale. See Note D for additional information.

Titan recognized, in the first quarter of 2004, a \$3.0 million goodwill impairment on the pending sale of Titan Europe in accordance with accounting standards. Approximately \$26.4 million of the cash receipts from the sale of Titan Europe were used to reduce the Company's debt balances in April 2004.

The condensed statement of operations (unaudited) for Titan Europe (as consolidated into Titan International, Inc.) for the three months ended March 31, 2004 and 2003, was as follows (amounts in millions):

	Three months ended	
	March 31,	
	<u>2004</u>	<u>2003</u>
Net sales	\$ 49.5	\$ 35.7
Cost of sales	<u>41.2</u>	<u>30.4</u>
Gross profit	8.3	5.3
Selling, general & administrative expenses	4.3	3.5
Research and development expenses	<u>0.6</u>	<u>0.3</u>
Income from operations	3.4	1.5
Interest expense	(0.5)	(0.3)
Other income	<u>0.0</u>	<u>0.2</u>
Income before income taxes	2.9	1.4
Provision for income taxes	<u>1.4</u>	<u>0.6</u>
Net income	<u>\$ 1.5</u>	<u>\$ 0.8</u>

TITAN INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Term Loan Amendment

On April 19, 2004, the Company amended its term loan with General Electric Capital Corporation. Major revisions contained in the amendment included a voluntary prepayment of \$26.4 million on April 19, 2004, with no prepayment penalty and the right of the Company to purchase the Titan International stock owned by Citicorp Venture Capital, Ltd. For further information, see the Company's Form 8-K filed on April 22, 2004.

Stock Repurchase

On April 20, 2004, the Company purchased the shares of Titan International stock held by Citicorp Venture Capital, Ltd. (CVC) (approximately 4.9 million shares) for \$15 million. CVC was formerly the largest single stockholder of Titan. For further information, see the Company's Form 8-K filed on April 22, 2004.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Titan is a manufacturer of off-highway wheels and tires for agricultural, earthmoving/construction and consumer equipment. Titan manufactures both wheels and tires for the majority of these 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 Deere & Company, CNH Global N.V., Caterpillar Inc., AGCO Corporation, and Kubota Corporation, in addition to many other off-highway equipment manufacturers. The Company distributes products directly to OEMs, independent and OEM affiliated dealers, and through a network of Titan distribution facilities.

The Company recorded sales of \$167.0 million for the first quarter of 2004, up 29.5% from the \$129.0 million recorded in 2003. The agricultural and earthmoving/construction markets had sales increases of over 30% as compared to first quarter of 2003, as a result of higher demand from the Company's customers. The consumer market sales increased a modest 4.5% as compared to last year's first quarter.

Titan's net income was \$5.3 million for the quarter, up substantially compared to the first quarter 2003 net loss of \$(5.9) million. Earnings per share was \$.25 for the quarter versus diluted loss per share of \$(.28) for the same quarter of the previous year.

Early in the second quarter (April 7, 2004), Titan Europe Plc was admitted to trading as a separate public company on London's AIM market. Titan Luxembourg S.a.r.l., a subsidiary of the Company, is the largest stockholder in the newly public company, retaining a 30 percent interest. The cash proceeds from the sale of the 70 percent interest of Titan Europe totaled \$61.8 million.

Recent Developments

On April 7, 2004, Titan Luxembourg, a European subsidiary, sold 70% of the common stock of Titan Europe, to the public on the AIM market in London. Titan Luxembourg will be the largest single stockholder in Titan Europe Plc, retaining a 30% interest. Titan Luxembourg's proceeds from the sale of Titan Europe shares were approximately \$61.8 million before fees and expenses of approximately \$2.8 million. The Company will record cash receipts of approximately \$49.8 million and a note receivable from the newly created public company, Titan Europe Plc, of approximately \$9.2 million. At March 31, 2004, the assets and liabilities of Titan Europe were reclassified as held for sale. Assets reclassified as held for sale totaled \$170.7 million and liabilities reclassified totaled \$81.2 million.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Titan recognized, in the first quarter of 2004, a \$3.0 million goodwill impairment on the pending sale of Titan Europe in accordance with accounting standards. Approximately \$26.4 million of the cash receipts from the sale of Titan Europe were used to reduce the Company's debt balances in April 2004. An additional \$15.0 million of the cash receipts were used to purchase the shares of Titan International stock (approximately 4.9 million shares) held by Citicorp Venture Capital, Ltd.

On April 19, 2004, the Company amended its term loan with General Electric Capital Corporation. Major revisions contained in the amendment included a voluntary prepayment of \$26.4 million on April 19, 2004, and the right of the Company to purchase the Company's shares owned by Citicorp Venture Capital, Ltd. For further information, see the Company's Form 8-K filed on April 22, 2004.

On April 20, 2004, the Company purchased the shares of Titan International stock held by Citicorp Venture Capital, Ltd. (CVC) (approximately 4.9 million shares) for \$15 million. CVC was formerly the largest single stockholder of Titan. For further information, see the Company's Form 8-K filed on April 22, 2004.

Critical Accounting Policies

Preparation of the financial statements and related disclosures in compliance with generally accepted accounting principles 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 judgments regarding many factors, which, in and of themselves, could materially impact the financial statements and disclosures. A future change in the assumptions or judgments applied in determining the following matters, among others, could have a material impact on future financial results.

Revenue Recognition

The Company records sales revenue and cost of sales 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 these experience trends change, adjustments to the estimated provisions would be necessary.

Product Costing

Inventories are valued at the lower of cost or market. For operations in the United States, cost is determined using the last-in, first-out (LIFO) method for approximately 55% of inventories and the first-in, first-out (FIFO) method for the remainder of inventories. Inventory of foreign subsidiaries is valued using the FIFO method. Market is estimated based on current selling prices. Estimated provisions are established for excess and obsolete inventory, as well as inventory carried above market price, based on historical experience. Should this experience change, adjustments to the estimated provisions would be necessary.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 fair value of the asset. The Company had assets held for sale of \$37.5 million at March 31, 2004. Depreciation will not be recorded on assets held for sale in 2004 in accordance with SFAS No. 144. Appraisals from third-party valuation firms support the fair market value of the machinery and equipment at these facilities to be in excess of the carrying value. Significant assumptions relating to future operations must be made when estimating future cash flows. Should unforeseen events occur or should operating trends change significantly, impairment losses could occur.

Valuation of Investments Accounted for Under the Equity Method

The Company assesses the carrying value of its equity investments whenever events and circumstances indicate that the carrying value 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. Any such write-downs are measured as the excess of the carrying value of the asset over the discounted expected future cash flows or the fair value of the asset. Significant assumptions relating to future investment results must be made when estimating the future cash flows associated with these investments. Should unforeseen events occur or should investment trends change significantly, impairment losses could occur.

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. Significant assumptions relating to future operations must be made when estimating future cash flows in analyzing goodwill for impairment. Should unforeseen events occur or should operating trends change significantly, impairment losses could occur.

Retirement Benefit Obligations

Pension benefit obligations are based on various assumptions used by the Company's 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. For more information concerning these costs and obligations, see the discussion of the "Pensions" and Note 20 to the Company's financial statements on Form 10-K for the fiscal year ended December 31, 2003.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Net Sales

Net sales for the quarter ended March 31, 2004, were \$167.0 million, compared to 2003 first quarter net sales of \$129.0 million. The majority of the increase was attributed to higher demand from the Company's customers, primarily in the agricultural and earthmoving/construction segments, which increased 32% and 30%, respectively. Sales at foreign subsidiaries benefited from a favorable currency translation of approximately \$6.3 million in first quarter of 2004.

Titan Europe net sales for the quarters ended March 31, were \$49.5 million in 2004, compared to \$35.7 million in 2003. Therefore, the remaining net sales for the Company were \$117.5 million and \$93.3 million for the quarters ended March 31, 2004 and 2003, respectively.

Cost of Sales

Cost of sales was \$139.7 million for the first quarter of 2004, compared to \$118.6 million in 2003. Gross profit for the first quarter of 2004 was \$27.3 million or 16.3% of net sales, compared to \$10.4 million or 8.1% of net sales for the first quarter of 2003. Gross profit was positively impacted by higher sales levels, which allowed the Company to operate more efficiently.

Titan Europe gross profit for the quarters ended March 31, was \$8.3 million or 16.8% in 2004, compared to \$5.3 million or 14.8% in 2003. Therefore, the remaining gross profit for the Company was \$19.0 million or 16.2% and \$5.1 million or 5.5% for the quarters ended March 31, 2004 and 2003, respectively.

The Company's profit margins continue to be affected by the excess capacity at the idle Brownsville, Texas, and Natchez, Mississippi, facilities. The Brownsville location continues as a distribution and warehouse center for the Company. In December 2003, certain machinery and equipment at the Brownsville and Natchez facilities, with a net book value of \$15.6 million and \$17.3 million, respectively, were reclassified to assets held for sale. Depreciation is not being recorded on assets held for sale in 2004 in accordance with SFAS No. 144. Certain operating costs continue to be incurred at the Brownsville and Natchez facilities. For the quarter ended March 31, 2004, these costs totaled approximately \$1.1 million for the Brownsville facility and \$0.2 million for the Natchez facility.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Administrative Expenses

Selling, general and administrative (SG&A) and research and development (R&D) expenses for the first quarter of 2004 were \$12.5 million or 7.5% of net sales, compared to \$12.1 million or 9.4% of net sales for 2003. Despite the significant increase in sales, the Company was able to maintain administrative expenses near the previous year's level.

Titan Europe SG&A and R&D expenses for the quarters ended March 31, were \$4.9 million or 9.9% of net sales in 2004, compared to \$3.8 million or 10.6% in 2003. Therefore, the remaining SG&A and R&D expenses for the Company were \$7.6 million or 6.5% of net sales and \$8.3 million or 8.9% of net sales for the quarters ended March 31, 2004 and 2003, respectively.

On April 7, 2004, Titan Luxembourg, a European subsidiary, sold 70% of the common stock of Titan Europe, to the public on the AIM market in London. Titan recognized, in the first quarter of 2004, a \$3.0 million goodwill impairment on the pending sale of Titan Europe in accordance with accounting standards. See "Recent Developments" for additional information.

Operating Results and Other

Income from operations for the first quarter of 2004 was \$11.8 million or 7.0% of net sales, compared to loss from operations of \$(1.7) million or (1.3)% in 2003. Operating results were primarily impacted by efficiency related to higher sales as discussed in the "Cost of Sales" section. This efficiency was partially offset by the \$3.0 million goodwill impairment on Titan Europe.

Net interest expense was \$5.2 million for the first quarter of 2004, compared to \$5.0 million in 2003. The slight increase in interest expense for the first quarter of 2004 was due to a slightly higher average debt outstanding in the first quarter of 2004 as compared to the first quarter of 2003.

The Company recorded income tax expense of \$1.4 million and an income tax benefit of \$0.3 million for the three months ended March 31, 2004 and 2003, respectively. The Company's income tax expense differs from the amount of income tax determined by applying the statutory U.S. federal income tax rate to pre-tax loss primarily as a result of income tax expense to be paid in foreign jurisdictions and the application of a valuation allowance on the domestic net deferred tax asset balance. As a result of several periods of recurring losses, the Company began reserving its net deferred tax asset position at December 31, 2002, consistent with the Company's accounting policies.

The Company will continue to monitor its income tax position and will review the necessity of the valuation allowance at the end of each reporting period. To the extent it is determined deferred tax assets will be realized in excess of deferred tax liabilities, some or all of the valuation allowance will be reversed. At March 31, 2004, the Company's valuation allowance remained consistent with its year-end position.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Income (Loss)

Net income for the first quarter of 2004 was \$5.3 million compared to net loss of \$(5.9) million in 2003. Basic and diluted earnings per share was \$.25 for the first quarter of 2004 compared to loss per share of \$(.28) in 2003. Net income and earnings per share increased primarily due to higher sales levels offset by the \$3.0 goodwill impairment on Titan Europe.

Foreign Subsidiaries Sales

Net sales at foreign subsidiaries were \$49.5 million for the first quarter of 2004 as compared to \$35.7 million for 2003. The sales increase at foreign subsidiaries was due to additional sales resulting from demand by the foreign subsidiaries' customers, as well as favorable currency translation of approximately \$6.3 million in first quarter of 2004.

Agricultural Segment Results

Net sales in the agricultural market were \$103.3 million for the first quarter of 2004 as compared to \$78.1 million in 2003. Agricultural market net sales increased as a result of increased demand from the Company's customers. Income from operations in the agricultural market was \$12.7 million for the first quarter of 2004 as compared to \$3.4 million for the first quarter of 2003. The increase in income from operations in the agricultural market was attributed to efficiencies gained from higher production levels.

Earthmoving/Construction Segment Results

The Company's earthmoving/construction market net sales were \$53.4 million for the first quarter of 2004 as compared to \$41.0 million for the first quarter of 2003. Approximately \$8.8 million of the increased sales came from the Company's foreign subsidiaries whose earthmoving/construction customers have had increased demand. Income from operations in the earthmoving/construction market was \$4.0 million for the first quarter of 2004 versus \$1.5 million in 2003. The increase in income from operations in the earthmoving/construction market was primarily due to efficiencies gained by operating at higher production levels.

Consumer Segment Results

Consumer market net sales were \$10.3 million for the first quarter of 2004 as compared to \$9.8 million for the first quarter of 2003. Consumer market income from operations was \$0.9 million for the first quarter of 2004 as compared to \$0.2 million for 2003. The increase in income from operations in the consumer market was primarily attributed to a change in sales mix to higher margin products.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Corporate Expenses

Income from operations on a segment basis does not include corporate expenses and depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling \$5.8 million for the first quarter of 2004 as compared to \$6.8 million for the first quarter of 2003. The reduction is attributed to the streamlining of corporate costs, primarily professional fees of approximately \$0.9 million.

Market Risk Sensitive Instruments

The Company's risks related to foreign currencies, commodity prices and interest rates are consistent with those for 2003.

Liquidity and Capital Resources

Cash Flows

As of March 31, 2004, the Company had \$18.6 million of unrestricted cash deposited within various bank accounts, including unrestricted cash at Titan Europe, which has been reclassified as assets held for sale, of \$9.0 million. The total unrestricted cash balance increased by \$12.0 million from December 31, 2003, due to the cash flow items discussed in the following paragraphs.

In the first quarter of 2004, positive cash flows from operating activities of \$17.0 million resulted primarily from net income of \$5.3 million, depreciation and amortization of \$6.7 million, increases in accounts payable of \$14.6 million, and increases in other current liabilities of \$9.2 million, offset by accounts receivable increases of \$24.7 million.

In comparison, for the first quarter of 2003, negative cash flows from operating activities of \$15.0 million resulted primarily from a \$26.8 million increase in accounts receivable and a net loss of \$5.9 million, offset by accounts payable increases of \$9.7 million and depreciation and amortization of \$7.9 million. The increase in receivables in both years is primarily due to a seasonal increase in sales volume in the first quarter when compared to the fourth quarter. The increase in accounts payable results from this same seasonal increase.

The Company invested \$3.0 million in capital expenditures in the first quarter of 2004, compared to \$1.8 million in the first quarter of 2003. The expenditures represent various equipment purchases and building improvements to enhance production capabilities. The Company estimates that its total capital expenditures for 2004 could range between \$9 million and \$12 million.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the three months ended March 31, 2004, \$1.9 million of cash was used for financing activities. This use of cash was primarily the result of net debt payment of \$1.8 million. In comparison, in the first quarter of 2003, total debt increased by \$6.2 million to fund working capital requirements.

Debt Funding

The Company's term loan and revolving loan agreements contain various covenants and restrictions. The financial covenants in these loan agreements require that the (i) Company's adjusted minimum tangible net worth be equal to or greater than \$150 million, (ii) value of equipment, accounts receivable, and inventory be equal to or greater than three times the outstanding principal balance of the term loan, and (iii) value of accounts receivable and inventory be equal to or greater than \$100 million. Restrictions include (i) limits on payments of dividends and repurchases of the Company's stock, (ii) restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company, and (iii) limitations on investments, dispositions of assets and guarantees of indebtedness. 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. If the Company were unable to meet these covenants, the Company would be in default on these loan agreements.

The Company is in compliance with these covenants and restrictions as of March 31, 2004. The Company's adjusted minimum tangible net worth is required to be equal to or greater than \$150 million and the Company computed it to be \$188.3 million at March 31, 2004. The value of the equipment, accounts receivable and inventory is required to be equal to or greater than 3.00 times the outstanding principal balance of the term loan and is calculated to be 4.00 times this balance at March 31, 2004. The value of the accounts receivable and inventory must be equal to or greater than \$100 million and is computed to be \$139.2 million at March 31, 2004.

Other Issues

The Company's business is subject to seasonal variations in sales that affect inventory levels and accounts receivable balances.

There have been no significant changes in interest rates, debt borrowings, or related covenants during the first three months of 2004.

The Company had restricted cash of \$51.0 million at March 31, 2004, and December 31, 2003. Restricted cash of \$24.5 million is on deposit for a court appeal. Additionally, restricted cash of \$15.0 million is collateral on a revolving loan agreement. The remaining \$11.5 million is collateral on outstanding letters of credit for an industrial revenue bond of \$9.6 million and another letter of credit for \$1.9 million.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity Outlook

At March 31, 2004, the Company had unrestricted cash and cash equivalents of \$9.6 million and no amounts had been drawn on the \$20 million revolving loan agreement. In April 2004, Titan received gross proceeds from the sale of Titan Europe shares of approximately \$61.8 million before fees and expenses. Approximately \$26.4 million of the cash receipts were used to make debt payments in April 2004. Approximately \$15.0 million of the cash receipts were used to purchase approximately 4.9 million shares of Titan International stock held by Citicorp Venture Capital, Ltd. See "Recent Developments" for additional information.

The Company has scheduled debt principal payments amounting to \$5.1 million due for the remainder of 2004. The Company presently anticipates contributing approximately \$7.6 million to its pension plans in the remainder of 2004.

The Company's term loan will terminate in January 2005. The balance at the time of termination is scheduled to be \$52.6 million. The balance was reduced by applying certain of the proceeds of the Titan Europe offering, which was completed in April 2004. The Company intends to secure replacement financing by the termination date of the current term loan. At this time, the Company does not foresee the inability to refinance this debt. The Company is in discussions with its current lenders as well as other lenders regarding the Company's financial borrowing requirements.

Cash on hand, including the proceeds from the sale of Titan Europe, 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 payments required on short-term debt for the near term. However, if the Company were to exhaust all currently available working capital sources or were not to meet the financial covenants and conditions of its loan agreements, the Company might find it difficult to secure additional funding in order to meet working capital requirements.

Outlook

In the first quarter of 2004, the Company benefited from increased demand for its products. This demand was driven by the increase in sales of new agricultural and earthmoving/construction vehicles that use the Company's products. Many of the Company's customers have positive outlooks for the remainder of 2004. During the first quarter, the Company was able to offset higher raw material costs with certain price increases. The higher sales levels have allowed the Company to manufacture its products in a more efficient operating environment. Given these facts, the Company is optimistic that it will continue to show improved results as compared to the last several years. However, if the increased demand seen in the first quarter of 2004 subsides, the Company may see deterioration in its operating results. The Company's customers generally operate in businesses that have cyclical demand. Historically, the Company sees higher sales levels in the first half of the year as a result of this cyclical demand.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On April 7, 2004, Titan Luxembourg S.a.r.l. (Titan Luxembourg), a European subsidiary, sold 70% of the common stock of Titan Europe, Limited (Titan Europe), to the public on the Alternative Investment Market (AIM) of the London, England Stock Exchange. In the first quarter of 2004, Titan Europe had net sales of \$49.5 million, income from operations on a consolidated basis of \$3.4 million and net income of \$1.5 million. In the first quarter of 2004, Titan Europe had depreciation and amortization of \$2.3 million and capital expenditures of \$1.3 million. Titan Europe's operating results will no longer be consolidated with those of the Company. However, as an equity investment, the Company will record its 30% share of Titan Europe's income or loss in Titan's financial results.

Agricultural Segment

Agricultural market sales are expected to remain at a high level for the remainder of 2004. Crop and livestock prices have remained high, lifting farm income. The healthy farm economy combined with favorable tax depreciation provisions in the United States is supporting an upturn in the sale of agricultural equipment. Many variables, including weather, export markets, and future government policies and payments can greatly influence the overall health of the agricultural economy.

Earthmoving/Construction Segment

Sales for the earthmoving/construction market are expected to remain strong for the rest of 2004. Housing construction continues to remain robust. Rental firms have begun to replenish stocks of construction equipment. Military sales, which are included in this segment, are expected to continue at a high level. Equipment replacement demand is expected to move slightly higher for the remainder of 2004 in the earthmoving/construction segment.

Consumer Segment

Sales in the consumer market are expected to be stable for the duration of 2004. The all terrain vehicle (ATV) wheel and tire market is expected to continue to offer future growth opportunities for Titan. Many items affect the consumer market including weather, competitive pricing, energy prices, and consumer attitude, which has improved but remains cautious.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

New Accounting Standards

Financial Accounting Standards Board Interpretation Number 46

In December 2003, Financial Accounting Standards Board Interpretation (FIN) No. 46, "Consolidation of Variable Interest Entities," was revised. FIN No. 46 was originally issued in January 2003 and requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the activities of the variable interest entity or is entitled to receive a majority of the entity's residual returns. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. For entities created prior to this date, adoption of the statement and interpretations is required to be applied in the first interim period beginning after March 15, 2004. Certain disclosure requirements were required for all financial statements issued after January 1, 2003. The adoption of this interpretation had no material effect on the Company's financial position, cash flows or results of operations.

Statement of Financial Accounting Standards Number 132

In December 2003, Statement of Financial Accounting Standards (SFAS) No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," was revised. The new Statement does not change the measurement or recognition of those plans that is required by previously issued standards. The Statement retains the disclosure requirements contained in SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which it replaces, and also requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The additional disclosures required by SFAS No. 132 (revised 2003) are effective for fiscal years ending after December 15, 2003. The Company has disclosed the additional information required by this statement. The adoption of SFAS No. 132 (revised 2003) had no material effect on the Company's financial position, cash flows or results of operations.

TITAN INTERNATIONAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pensions

The Company has two defined benefit pension plans. These plans are described in Note 20 of the Company's Notes to Consolidated Financial Statements in the 2003 Form 10-K. 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 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 first quarter of 2004, the Company contributed \$0.9 million to its pension plans. The Company presently anticipates contributing approximately \$7.6 million to its pension plans in the remainder of 2004.

Safe Harbor under The Private Securities Litigation Reform Act of 1995

This Form 10-Q contains forward-looking statements, including statements regarding, among other items, (i) anticipated trends in the Company's business, (ii) future expenditures for capital projects, (iii) the Company's ability to continue to control costs and maintain quality, (iv) meeting financial covenants and conditions of its loan agreements, (v) the Company's business strategies, including its intention to introduce new products, (vi) expectations concerning the performance and commercial success of the Company's existing and new products and (vii) the Company's intention to consider and pursue acquisitions and divestitures. Readers of this Form 10-Q should understand that these forward-looking statements are based on the Company's expectations and are subject to a number of risks and uncertainties, 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, (i) changes in the Company's end-user markets as a result of world economic or regulatory influences, (ii) fluctuations in currency translations, (iii) changes in the competitive marketplace, including new products and pricing changes by the Company's competitors, (iv) availability and price of raw materials, (v) levels of operating efficiencies, (vi) actions of domestic and foreign governments, (vii) results of investments, and (viii) ability to secure financing at reasonable terms. Any changes in such factors could lead to significantly different results. 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.

TITAN INTERNATIONAL, INC.

PART I. FINANCIAL INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See the Company's 2003 Annual Report filed on Form 10-K (Item 7A). There has been no material change in this information.

Item 4. Controls and Procedures

The Company's principal executive officer and principal financial officer believe the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective based on their most recent evaluation, which was completed as of March 31, 2004. During the quarter ended March 31, 2004, there were no significant changes in internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

TITAN INTERNATIONAL, INC.

PART II. OTHER INFORMATION

Items 1 through 5 are not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 31.1 Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the 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

(b) Reports on Form 8-K

In a Current Report filed on Form 8-K dated February 27, 2004, the Company furnished a copy of the press release reporting its year-end 2003 financial results.

SIGNATURES

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

TITAN INTERNATIONAL, INC. (Registrant)

Date: April 28, 2004

By: /s/ Maurice M. Taylor Jr.
Maurice M. Taylor Jr.
President and Chief Executive Officer

By: /s/ Kent W. Hackamack
Kent W. Hackamack
Vice President of Finance and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)

CERTIFICATION

I, Maurice M. Taylor Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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) 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
 - c) 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: April 28, 2004

By: /s/ Maurice M. Taylor Jr.
Maurice M. Taylor Jr.
President and Chief Executive Officer

CERTIFICATION

I, Kent W. Hackamack, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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) 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
 - c) 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: April 28, 2004

By: /s/ Kent W. Hackamack

Kent W. Hackamack
Vice President of Finance and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)

CERTIFICATION

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: April 28, 2004

By: /s/ Maurice M. Taylor Jr.
Maurice M. Taylor Jr.
President and Chief Executive Officer

By: /s/ Kent W. Hackamack
Kent W. Hackamack
Vice President of Finance and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)