CALAMOS CONVERTIBLE OPPORTUNITIES & INCOME FUND
Form N-CSRS
June 30, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER: 811-21080

EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER: Calamos Convertible Opportunities and Income Fund

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES: 1111 East Warrenville Road, Naperville, Illinois 60563

NAME AND ADDRESS OF AGENT FOR SERVICE: James S. Hamman, Jr., Secretary,
Calamos Advisors, LLC
1111 East Warrenville Road
Naperville, Illinois
60563-1493

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (630) 245-7200

DATE OF FISCAL YEAR END: October 31, 2005

DATE OF REPORTING PERIOD: November 1, 2004 through April 30, 2005

ITEM 1. REPORTS TO SHAREHOLDERS

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CALAMOS(R) CONVERTIBLE OPPORTUNITIES AND INCOME FUND

SEMIANNUAL REPORT APRIL 30, 2005

[LOGO]
CALAMOS INVESTMENTS(R)

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President's Letter

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Dear Shareholder,

This semi-annual report covers the period of November 1, 2004, to April 30, 2005, a period where the convertible market declined and high-yield markets were generally flat. Although the CALAMOS CONVERTIBLE OPPORTUNITIES AND INCOME FUND (NYSE: CHI) dropped slightly in price during the period, it produced a steady, significant monthly dividend for shareholders, and continues to trade at a premium to its underlying portfolio's NAV (net asset value). As a refresher to some of our shareholders, a closed-end fund is traded on an exchange, where buyers and sellers determine the price of the fund. The fund thus may trade at a premium (higher than NAV) or at a discount (lower than NAV).

Designed to provide total return through a combination of capital appreciation and current income, the Fund makes use of convertible and high-yield securities in a flexible, opportunistic manner to achieve this goal. It is important to note that while convertible and high-yield bonds provide income to the portfolio, they also provide the opportunity for capital appreciation, as they are more equity sensitive than traditional fixed income bonds. By dynamically combining these securities, we aim for long term total return, combining significant current income with equity market participation.

For the semi-annual period, questions over the strength of the economy dampened high yield bonds, while convertibles dropped due to declines in the volatility of equities and excessive selling by hedge funds. We think the market was driven by short-term concerns during this semi-annual period, while our portfolios remained positioned to take advantage of longer-term trends. We viewed the convertible market as substantially undervalued in the first portion of 2005, and invested in additional opportunities which we believe offered potentially significant upside yet met our investment team's risk-management criteria.

A recent development worth noting is the Board of Trustees' ratification of a level-rate distribution policy for the Fund, announced in June of 2005. We recognize how important stability of income can be, particularly to closed-end fund investors, and sought to formalize the Fund's aim to providing such stability. At a monthly rate of $0.15 per share, the Fund's distribution represents an annualized rate of 12% based on the Fund's

CALAMOS CONVERTIBLE OPPORTUNITIES AND INCOME FUND

The views expressed in this report reflect those of Calamos Advisors LLC through June 20, 2005. The manager's views are subject to change at any time based on market and other conditions. This report is submitted for general information for the shareholders of the fund.

initial offering price of $15.00, and equates to $1.80 per share on an annual basis. We believe that the adoption of a level rate distribution policy has the potential to serve the long-term interests of you as a CHI shareholder, as consistent, dependable distributions can be an important component of your total return goals. If any distribution exceeds the Fund's net investment company taxable income, the excess will generally be a tax-free return of capital.

Together, the Fund's portfolio management team's risk-managed approach, communications efforts, and dividend policy are all designed to enhance the value of your investment. We believe that the Fund's flexible mandate and its focus on long-term total return provides the potential to create long term wealth for shareholders, while our risk management and dividend commitment provide downside protection and current, dependable income. As a portfolio manager--and shareholder--I remain committed to striving to help you meet your long-term investment goals. Thank you for your confidence in CALAMOS INVESTMENTS and CHI.

Sincerely,

/s/ John P. Calamos

JOHN P. CALAMOS, SR.
Chairman, Chief Executive Officer and Co-Chief Investment Officer

Schedule of Investments

APRIL 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		VALUE
CORPORATE BONDS (93.0%)		
	CONSUMER DISCRETIONARY (29.9%)	
$ 1,916,000	Accuride Corp.*	
	8.500%, 02/01/15	$ 1,810,620
6,879,000	Aztar Corp.^	
	7.875%, 06/15/14	7,240,147
11,319,000	Beazer Homes USA, Inc.	
	8.375%, 04/15/12	12,054,735
871,000	CanWest Media, Inc.^	
	7.625%, 04/15/13	916,780
4,354,000	DEX Media, Inc.^	
	8.000%, 11/15/13	4,506,390
3,075,000	DIRECTV Financing Company, Inc.	
	8.375%, 03/15/13	3,344,062
6,940,000 GBP	EMI Group, PLC	
	9.750%, 05/20/08	14,356,958
6,966,000	General Motors Corp.^	
	8.250%, 07/15/23	5,340,456
1,741,000	Global Cash Access, Inc.^	
	8.750%, 03/15/12	1,880,280
	Goodyear Tire & Rubber Company	
7,401,000	7.000%, 03/15/28	6,161,332
3,483,000	7.857%, 08/15/11^	3,152,115
3,483,000	Hasbro, Inc.	
	6.600%, 07/15/28	3,672,688
6,944,000	Hovnanian Enterprises, Inc.^	
	7.750%, 05/15/13	7,100,240
3,483,000	IMAX Corp.^	
	9.625%, 12/01/10	3,700,688

2,612,000	Intrawest Corp. 7.500%, 10/15/13	2,612,000
12,190,000	Isle of Capri Casinos, Inc.^ 9.000%, 03/15/12	13,256,625
2,011,000	Jarden Corp. 9.750%, 05/01/12	2,151,770
3,722,000	Kellwood Company 7.625%, 10/15/17	3,970,090
7,923,000	La Quinta, Corp. 8.875%, 03/15/11	8,566,744
2,612,000	Landry's Restaurants, Inc.*^ 7.500%, 12/15/14	2,442,220
15,237,000	Mandalay Resort Group 10.250%, 08/01/07	16,798,793
6,792,000	NCL Holding, ASA* 10.625%, 07/15/14	6,995,760
3,918,000	Oxford Industries, Inc. 8.875%, 06/01/11	4,074,720
4,354,000	Phillips-Van Heusen Corp. 8.125%, 05/01/13	4,506,390
1,741,000	Reader's Digest Association, Inc.^ 6.500%, 03/01/11	1,736,648
2,482,000	RH Donnelley Financial Corp.* 10.875%, 12/15/12	2,848,095
3,918,000 CAD	Rogers Wireless, Inc. 7.625%, 12/15/11	3,199,352

PRINCIPAL AMOUNT		VALUE
$ 3,265,000 CAD	Rogers Cable, Inc. 7.250%, 12/15/11	$ 2,620,718
7,053,000	Royal Caribbean Cruises, Ltd.^ 8.750%, 02/02/11	7,934,625
13,496,000	Russell Corp. 9.250%, 05/01/10	14,069,580
8,707,000	Spanish Broadcasting Systems, Inc. 9.625%, 11/01/09	9,131,466
4,266,000	Stoneridge, Inc. 11.500%, 05/01/12	4,543,290
6,966,000	Time Warner 7.625%, 04/15/31	8,515,392
11,058,000	Vail Resorts, Inc. 6.750%, 02/15/14	10,947,420
	Warner Music Group	
6,095,000	7.375%, 04/15/14^	6,125,475
871,000 GBP	8.125%, 04/15/14	1,735,923
7,401,000	WCI Communities, Inc. 7.875%, 10/01/13	7,401,000
		221,421,587
	CONSUMER STAPLES (10.6%)	
1,741,000	Central Garden & Pet Company^ 9.125%, 02/01/13	1,880,280
4,354,000	Chattem, Inc. 7.000%, 03/01/14	4,419,310
3,788,000	Chiquita Brands International, Inc.^ 7.500%, 11/01/14	3,484,960
5,398,000	Del Monte Foods Company 8.625%, 12/15/12	5,802,850
5,224,000	DIMON, Inc.	

	7.750%, 06/01/13	5,916,180
	Dole Food Company, Inc.	
7,836,000	7.250%, 06/15/10	7,904,565
3,483,000	8.625%, 05/01/09	3,683,273
10,448,000	Jean Coutu Group, Inc.^	
	8.500%, 08/01/14	9,899,480
871,000	Pilgrim's Pride Corp.	
	9.250%, 11/15/13	975,520
5,224,000	Pinnacle Foods Holding^	
	8.250%, 12/01/13	4,362,040
4,876,000	Playtex Products, Inc.	
	8.000%, 03/01/11	5,229,510
9,578,000	Rayovac Corp.^	
	8.500%, 10/01/13	9,889,285
	Revlon Consumer Products Corp.	
2,786,000	9.500%, 04/01/11*^	2,695,455
871,000	9.380%, 10/11/05++	892,775
871,000	8.840%, 07/11/05++	892,775
871,000	8.770%, 05/11/05++	892,775
435,000	9.000%, 06/13/05++	445,875
8,707,000	Smithfield Foods, Inc.	
	7.750%, 05/15/13	9,360,025
		78,626,933

Convertible Opportunities and Income Fund
Schedule of Investments SEMIANNUAL REPORT 3

See accompanying Notes to Schedule of Investments.

Schedule of Investments

APRIL 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		VALUE
	ENERGY (12.3%)	
$ 7,401,000	Chesapeake Energy Corp.	
	6.875%, 01/15/16	$ 7,401,000
5,660,000	Comstock Resources, Inc.	
	6.875%, 03/01/12	5,546,800
2,612,000	Forest Oil Corp.	
	8.000%, 12/15/11	2,847,080
10,187,000	General Maritime Corp.^	
	10.000%, 03/15/13	11,129,297
4,585,000	Giant Industries, Inc.	
	11.000%, 05/15/12	5,249,825
4,005,000	KCS Energy, Inc.	
	7.125%, 04/01/12	3,984,975
5,977,000	Overseas Shipholding Group, Inc.	
	7.500%, 02/15/24	5,767,805
9,839,000	Petroleo Brasileiro, SA^	
	8.375%, 12/10/18	10,097,274
4,354,000	Plains All American Pipeline, L.P.	
	7.750%, 10/15/12	5,113,490
5,573,000	Premcor Refining Group Inc.^	

	9.500%, 02/01/13	6,353,220
2,373,000	Premcor Refining Group, Inc.	
	7.500%, 06/15/15	2,562,840
2,612,000	Range Resources Corp.	
	7.375%, 07/15/13	2,703,420
6,095,000	Swift Energy Company	
	9.375%, 05/01/12	6,552,125
4,628,000	Tesoro Petroleum Corp.^	
	9.625%, 04/01/12	5,137,080
	Williams Companies, Inc.^	
8,707,000	7.750%, 06/15/31	9,229,420
1,741,000	7.500%, 01/15/31	1,806,288
		91,481,939
	FINANCIALS (1.6%)	
6,530,000	Leucadia National Corp.	
	7.000%, 08/15/13	6,562,650
1,480,000	Omega Healthcare Investors, Inc.	
	7.000%, 04/01/14	1,435,600
3,396,000	Senior Housing Properties Trust	
	7.875%, 04/15/15	3,574,290
		11,572,540
	HEALTH CARE (5.6%)	
1,802,000	Alpharma, Inc.*^	
	8.625%, 05/01/11	1,756,950
3,570,000	Ameripath, Inc.^	
	10.500%, 04/01/13	3,587,850
7,357,000	Bausch & Lomb, Inc.	
	7.125%, 08/01/28	7,577,710
2,612,000	Beverly Enterprises, Inc.	
	7.875%, 06/15/14	2,873,200
3,483,000	MedCath Corp.^	
	9.875%, 07/15/12	3,813,885

PRINCIPAL AMOUNT		VALUE
$ 5,660,000	Quintiles Transnational Corp.	
	10.000%, 10/01/13	$ 6,141,100
7,401,000	Tenet Healthcare Corp.*^	
	9.250%, 02/01/15	7,438,005
2,612,000	Valeant Pharmaceuticals International^	
	7.000%, 12/15/11	2,572,820
5,660,000	Vanguard Health Systems, Inc.	
	9.000%, 10/01/14	5,928,850
		41,690,370
	INDUSTRIALS (8.8%)	
871,000 EUR	AGCO Corp.	
	6.875%, 04/15/14	1,176,889
2,177,000	Armor Holdings, Inc.^	
	8.250%, 08/15/13	2,318,505
1,862,000	Gardner Denver, Inc.*	
	8.000%, 05/01/13	1,871,310
2,612,000	GATX Corp.	
	8.875%, 06/01/09	2,974,684
5,660,000	General Cable Corp.	
	9.500%, 11/15/10	6,027,900

5,224,000	Hutchison Whampoa, Ltd.*^	
	6.250%, 01/24/14	5,524,281
2,612,000	Jacuzzi Brands, Inc.	
	9.625%, 07/01/10	2,807,900
	JLG Industries, Inc.^	
3,918,000	8.250%, 05/01/08	4,074,720
871,000	8.375%, 06/15/12	910,195
5,573,000	Laidlaw Global Securities, Inc.	
	10.750%, 06/15/11	6,381,085
10,884,000 EUR	Legrand Holding, SA	
	11.000%, 02/15/13	16,894,836
2,960,000	Monitronics International, Inc.	
	11.750%, 09/01/10	3,174,600
962,000	Orbital Sciences Corp.	
	9.000%, 07/15/11	1,048,580
7,836,000	Terex Corp.^	
	7.375%, 01/15/14	7,914,360
2,333,000	United Agri Products, Inc.	
	8.250%, 12/15/11	2,298,005
		65,397,850
	INFORMATION TECHNOLOGY (8.5%)	
5,660,000	Advanced Micro Devices, Inc.^	
	7.750%, 11/01/12	5,334,550
3,483,000	Celestica, Inc.^	
	7.875%, 07/01/11	3,483,000
1,306,000	Communications & Power Industries Holding Corp.	
	8.000%, 02/01/12	1,266,820
4,354,000	Flextronics International, Ltd.^	
	6.500%, 05/15/13	4,179,840
4,354,000	Freescale Semiconductor, Inc.	
	7.125%, 07/15/14	4,549,930
	Iron Mountain, Inc.	
4,354,000 GBP	7.250%, 04/15/14*	7,598,111
1,741,000	6.625%, 01/01/16	1,558,195

See accompanying Notes to Schedule of Investments.

APRIL 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		VALUE
$ 3,831,000	Lucent Technologies, Inc.	
	6.500%, 01/15/28	$ 3,227,617
9,099,000	Sanmina-Sci Corp.	
	10.375%, 01/15/10	10,008,900
1,741,000	Stratus Technologies, Inc.^	
	10.375%, 12/01/08	1,706,180
5,224,000	Telcordia Technologies*	
	10.000%, 03/15/13	5,067,280
	Xerox Corp.^	

8,272,000	8.000%, 02/01/27	8,396,080
6,095,000	7.625%, 06/15/13	6,536,888
		62,913,391
	MATERIALS (13.9%)	
	Aleris International, Inc.	
2,090,000	10.375%, 10/15/10	2,283,325
995,000	9.000%, 11/15/14*^	1,019,875
5,224,000	Arch Western Finance, LLC^	
	6.750%, 07/01/13	5,263,180
7,836,000	Buckeye Technologies, Inc.	
	8.500%, 10/01/13	8,188,620
4,354,000	Equistar Chemicals, LP	
	10.625%, 05/01/11	4,876,480
7,462,000	Freeport-McMoRan Copper & Gold, Inc.	
	10.125%, 02/01/10	8,208,200
14,802,000	Georgia-Pacific Corp.^	
	8.125%, 05/15/11	16,263,697
4,316,000	Graham Packaging Holdings Company*^	
	9.875%, 10/15/14	4,143,360
6,491,000	IPSCO, Inc.^	
	8.750%, 06/01/13	7,237,465
3,483,000	Neenah Paper, Inc.*^	
	7.375%, 11/15/14	3,326,265
2,394,000	Novelis, Inc.*	
	7.250%, 02/15/15	2,328,165
7,836,000	Polyone Corp.^	
	10.625%, 05/15/10	8,678,370
3,918,000	Pope & Talbot, Inc.	
	8.375%, 06/01/13	4,094,310
6,966,000	Sealed Air Corp.*	
	6.875%, 07/15/33	7,743,218
4,353,000	Steel Dynamics, Inc.	
	9.500%, 03/15/09^	4,679,475
7,357,000	Texas Industries, Inc.	
	10.250%, 06/15/11	8,295,017
	Union Carbide Corp.	
3,483,000	7.500%, 06/01/25	3,737,621
2,699,000	7.875%, 04/01/23^	2,960,215
		103,326,858
	TELECOMMUNICATION SERVICES (1.5%)	
1,741,000	IPCS Escrow Company	
	11.500%, 05/01/12	1,932,510

PRINCIPAL AMOUNT		VALUE
$ 8,707,000	Nextel Communications, Inc.	
	7.375%, 08/01/15	$ 9,316,490
		11,249,000
	UTILITIES (0.3%)	
2,044,000	NRG Energy, Inc.*^	
	8.000%, 12/15/13	2,074,660
	TOTAL CORPORATE BONDS (Cost $662,298,184)	689,755,128

CONVERTIBLE BONDS (6.1%)		
	CONSUMER DISCRETIONARY (1.6%)	
5,625,000	General Motors Corp.+	
	5.250%, 03/06/32	3,728,250
7,500,000	Walt Disney Company^	
	2.125%, 04/15/23	7,912,500

		11,640,750

	INDUSTRIALS (1.2%)	
6,000,000	GATX Corp.	
	7.500%, 02/01/07	6,967,500
1,852,000	Quanta Services Inc.	
	4.500%, 10/01/23	1,856,630
450,000	Titan International, Inc.	
	5.250%, 07/26/09	549,000

		9,373,130

	INFORMATION TECHNOLOGY (3.3%)	
5,500,000	Advanced Micro Devices, Inc.^++	
	4.750%, 02/01/22	5,163,125
6,500,000	ASML Holding, NV	
	5.750%, 10/15/06	6,948,299
12,000,000	Corning, Inc.^	
	4.875%, 03/01/08	12,105,000

		24,216,424

	TOTAL CONVERTIBLE BONDS	
	(Cost $45,033,502)	45,230,304
		==============
SYNTHETIC CONVERTIBLE SECURITIES (16.3%)		
CORPORATE BONDS (13.8%)		
	CONSUMER DISCRETIONARY (4.4%)	
284,000	Accuride Corp.*	
	8.500%, 02/01/15	268,380
1,021,000	Aztar Corp.^	
	7.875%, 06/15/14	1,074,602
1,681,000	Beazer Homes USA, Inc.	
	8.375%, 04/15/12	1,790,265
129,000	CanWest Media, Inc.^	
	7.625%, 04/15/13	135,780
646,000	DEX Media, Inc.^	
	8.000%, 11/15/13	668,610
457,000	DIRECTV Financing Company, Inc.	
	8.375%, 03/15/13	496,987
1,030,000 GBP	EMI Group, PLC	
	9.750%, 05/20/08	2,130,788

See accompanying Notes to Schedule of Investments.

PRINCIPAL AMOUNT		VALUE
$ 1,034,000	General Motors Corp.^ 8.250%, 07/15/23	$ 792,712
259,000	Global Cash Access, Inc.^ 8.750%, 03/15/12	279,720
	Goodyear Tire & Rubber Company	
1,099,000	7.000%, 03/15/28	914,918
517,000	7.857%, 08/15/11^	467,885
517,000	Hasbro, Inc. 6.600%, 07/15/28	545,156
1,031,000	Hovnanian Enterprises, Inc.^ 7.750%, 05/15/13	1,054,198
517,000	IMAX Corp.^ 9.625%, 12/01/10	549,313
388,000	Intrawest Corp. 7.500%, 10/15/13	388,000
1,810,000	Isle of Capri Casinos, Inc.^ 9.000%, 03/15/12	1,968,375
299,000	Jarden Corp. 9.750%, 05/01/12	319,930
553,000	Kellwood Company 7.625%, 10/15/17	589,860
1,177,000	La Quinta, Corp. 8.875%, 03/15/11	1,272,631
388,000	Landry's Restaurants, Inc.*^ 7.500%, 12/15/14	362,780
2,263,000	Mandalay Resort Group 10.250%, 08/01/07	2,494,958
1,008,000	NCL Holding, ASA* 10.625%, 07/15/14	1,038,240
582,000	Oxford Industries, Inc. 8.875%, 06/01/11	605,280
646,000	Phillips-Van Heusen Corp. 8.125%, 05/01/13	668,610
259,000	Reader's Digest Association, Inc.^ 6.500%, 03/01/11	258,353
368,000	RH Donnelley Financial Corp.* 10.875%, 12/15/12	422,280
582,000 CAD	Rogers Wireless, Inc. 7.625%, 12/15/11	475,248
485,000 CAD	Rogers Cable, Inc. 7.250%, 12/15/11	389,295
1,047,000	Royal Caribbean Cruises, Ltd.^ 8.750%, 02/02/11	1,177,875
2,004,000	Russell Corp. 9.250%, 05/01/10	2,089,170
1,293,000	Spanish Broadcasting Systems, Inc. 9.625%, 11/01/09	1,356,034
634,000	Stoneridge, Inc. 11.500%, 05/01/12	675,210
1,034,000	Time Warner 7.625%, 04/15/31	1,263,984
1,642,000	Vail Resorts, Inc. 6.750%, 02/15/14	1,625,580
	Warner Music Group	
905,000	7.375%, 04/15/14^	909,525

PRINCIPAL
AMOUNT VALUE

$ 129,000 GBP	8.125%, 04/15/14	$ 257,100
1,099,000	WCI Communities, Inc.	
	7.875%, 10/01/13	1,099,000
		32,876,632
	CONSUMER STAPLES (1.6%)	
259,000	Central Garden & Pet Company^	
	9.125%, 02/01/13	279,720
646,000	Chattem, Inc.	
	7.000%, 03/01/14	655,690
562,000	Chiquita Brands International, Inc.^	
	7.500%, 11/01/14	517,040
802,000	Del Monte Foods Company	
	8.625%, 12/15/12	862,150
776,000	DIMON, Inc.	
	7.750%, 06/01/13	878,820
	Dole Food Company, Inc.	
1,164,000	7.250%, 06/15/10	1,174,185
517,000	8.625%, 05/01/09	546,727
1,552,000	Jean Coutu Group, Inc.^	
	8.500%, 08/01/14	1,470,520
129,000	Pilgrim's Pride Corp.	
	9.250%, 11/15/13	144,480
776,000	Pinnacle Foods Holding^	
	8.250%, 12/01/13	647,960
724,000	Playtex Products, Inc.	
	8.000%, 03/01/11	776,490
1,422,000	Rayovac Corp.^	
	8.500%, 10/01/13	1,468,215
	Revlon Consumer Products Corp.	
414,000	9.500%, 04/01/11*^	400,545
129,000	9.380%, 10/11/05++	132,225
129,000	8.840%, 07/11/05++	132,225
129,000	8.770%, 05/11/05++	132,225
65,000	9.000%, 06/13/05++	66,625
1,293,000	Smithfield Foods, Inc.	
	7.750%, 05/15/13	1,389,975
		11,675,817
	ENERGY (1.8%)	
1,099,000	Chesapeake Energy Corp.	
	6.875%, 01/15/16	1,099,000
840,000	Comstock Resources, Inc.	
	6.875%, 03/01/12	823,200
388,000	Forest Oil Corp.	
	8.000%, 12/15/11	422,920
1,513,000	General Maritime Corp.^	
	10.000%, 03/15/13	1,652,952
681,000	Giant Industries, Inc.	
	11.000%, 05/15/12	779,745
595,000	KCS Energy, Inc.	
	7.125%, 04/01/12	592,025
888,000	Overseas Shipholding Group, Inc.	
	7.500%, 02/15/24	856,920
1,461,000	Petroleo Brasileiro, SA^	
	8.375%, 12/10/18	1,499,351

See accompanying Notes to Schedule of Investments.

Schedule of Investments

APRIL 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		VALUE
$ 646,000	Plains All American Pipeline, L.P. 7.750%, 10/15/12	$ 758,685
827,000	Premcor Refining Group Inc.^ 9.500%, 02/01/13	942,780
352,000	Premcor Refining Group, Inc. 7.500%, 06/15/15	380,160
388,000	Range Resources Corp. 7.375%, 07/15/13	401,580
905,000	Swift Energy Company 9.375%, 05/01/12	972,875
687,000	Tesoro Petroleum Corp.^ 9.625%, 04/01/12	762,570
	Williams Companies, Inc.^	
1,293,000	7.750%, 06/15/31	1,370,580
259,000	7.500%, 01/15/31	268,713
		13,584,056
	FINANCIALS (0.2%)	
970,000	Leucadia National Corp. 7.000%, 08/15/13	974,850
220,000	Omega Healthcare Investors, Inc. 7.000%, 04/01/14	213,400
504,000	Senior Housing Properties Trust 7.875%, 04/15/15	530,460
		1,718,710
	HEALTH CARE (0.8%)	
268,000	Alpharma, Inc.*^ 8.625%, 05/01/11	261,300
530,000	Ameripath, Inc.^ 10.500%, 04/01/13	532,650
1,093,000	Bausch & Lomb, Inc. 7.125%, 08/01/28	1,125,790
388,000	Beverly Enterprises, Inc. 7.875%, 06/15/14	426,800
517,000	MedCath Corp.^ 9.875%, 07/15/12	566,115
840,000	Quintiles Transnational Corp. 10.000%, 10/01/13	911,400
1,099,000	Tenet Healthcare Corp.*^ 9.250%, 02/01/15	1,104,495
388,000	Valeant Pharmaceuticals International^ 7.000%, 12/15/11	382,180
840,000	Vanguard Health Systems, Inc. 9.000%, 10/01/14	879,900

PRINCIPAL AMOUNT		VALUE
		6,190,630
	INDUSTRIALS (1.3%)	
129,000 EUR	AGCO Corp.	
	6.875%, 04/15/14	174,304
323,000	Armor Holdings, Inc.^	
	8.250%, 08/15/13	343,995
277,000	Gardner Denver, Inc.*	
	8.000%, 05/01/13	278,385
388,000	GATX Corp.	
	8.875%, 06/01/09	441,875
$ 840,000	General Cable Corp.	
	9.500%, 11/15/10	$ 894,600
776,000	Hutchison Whampoa, Ltd.*^	
	6.250%, 01/24/14	820,605
388,000	Jacuzzi Brands, Inc.	
	9.625%, 07/01/10	417,100
	JLG Industries, Inc.^	
582,000	8.250%, 05/01/08	605,280
129,000	8.375%, 06/15/12	134,805
827,000	Laidlaw Global Securities, Inc.	
	10.750%, 06/15/11	946,915
1,616,000 EUR	Legrand Holding, SA	
	11.000%, 02/15/13	2,508,458
440,000	Monitronics International, Inc.	
	11.750%, 09/01/10	471,900
143,000	Orbital Sciences Corp.	
	9.000%, 07/15/11	155,870
1,164,000	Terex Corp.^	
	7.375%, 01/15/14	1,175,640
347,000	United Agri Products, Inc.	
	8.250%, 12/15/11	341,795
		9,711,527
	INFORMATION TECHNOLOGY (1.3%)	
840,000	Advanced Micro Devices, Inc.^	
	7.750%, 11/01/12	791,700
517,000	Celestica, Inc.^	
	7.875%, 07/01/11	517,000
194,000	Communications & Power Industries Holding Corp.	
	8.000%, 02/01/12	188,180
646,000	Flextronics International, Ltd.^	
	6.500%, 05/15/13	620,160
646,000	Freescale Semiconductor, Inc.	
	7.125%, 07/15/14	675,070
	Iron Mountain, Inc.	
646,000 GBP	7.250%, 04/15/14*	1,127,327
259,000	6.625%, 01/01/16	231,805
569,000	Lucent Technologies, Inc.	
	6.500%, 01/15/28	479,382
1,351,000	Sanmina-Sci Corp.	
	10.375%, 01/15/10	1,486,100
259,000	Stratus Technologies, Inc.^	
	10.375%, 12/01/08	253,820
776,000	Telcordia Technologies*	
	10.000%, 03/15/13	752,720
	Xerox Corp.^	

1,228,000	8.000%, 02/01/27	1,246,420
905,000	7.625%, 06/15/13	970,613
		9,340,297
	MATERIALS (2.1%)	
	Aleris International, Inc.	
310,000	10.375%, 10/15/10	338,675
148,000	9.000%, 11/15/14*^	151,700
776,000	Arch Western Finance, LLC^	
	6.750%, 07/01/13	781,820

See accompanying Notes to Schedule of Investments.

Schedule of Investments

APRIL 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		VALUE
$ 1,164,000	Buckeye Technologies, Inc.	
	8.500%, 10/01/13	$ 1,216,380
646,000	Equistar Chemicals, LP	
	10.625%, 05/01/11	723,520
1,108,000	Freeport-McMoRan Copper & Gold, Inc.	
	10.125%, 02/01/10	1,218,800
2,198,000	Georgia-Pacific Corp.^	
	8.125%, 05/15/11	2,415,052
641,000	Graham Packaging Holdings Company*^	
	9.875%, 10/15/14	615,360
964,000	IPSCO, Inc.^	
	8.750%, 06/01/13	1,074,860
517,000	Neenah Paper, Inc.*^	
	7.375%, 11/15/14	493,735
356,000	Novelis, Inc.*	
	7.250%, 02/15/15	346,210
1,164,000	Polyone Corp.^	
	10.625%, 05/15/10	1,289,130
582,000	Pope & Talbot, Inc.	
	8.375%, 06/01/13	608,190
1,034,000	Sealed Air Corp.*	
	6.875%, 07/15/33	1,149,366
647,000	Steel Dynamics, Inc.	
	9.500%, 03/15/09^	695,525
1,093,000	Texas Industries, Inc.	
	10.250%, 06/15/11	1,232,358
	Union Carbide Corp.	
517,000	7.500%, 06/01/25	554,795
401,000	7.875%, 04/01/23^	439,810
		15,345,286
	TELECOMMUNICATION SERVICES (0.2%)	
259,000	IPCS Escrow Company	

	11.500%, 05/01/12	287,490
1,293,000	Nextel Communications, Inc.	
	7.375%, 08/01/15	1,383,510
		1,671,000
	UTILITIES (0.1%)	
304,000	NRG Energy, Inc.*^	
	8.000%, 12/15/13	308,560
	TOTAL CORPORATE BONDS	102,422,515

NUMBER OF CONTRACTS		VALUE
OPTIONS (2.5%)		
	CONSUMER DISCRETIONARY (0.5%)	
1,400	eBay, Inc.#	
	Call, 01/20/07, Strike 42.50	$ 476,000
2,650	Home Depot, Inc.#	
	Call, 01/20/07, Strike 40.00	874,500
1,000	Nordstrom, Inc.#	
	Call, 01/20/07, Strike 50.00	850,000
2,500	YUM! Brands, Inc.#	
	Call, 01/20/07, Strike 50.00	1,200,000
		3,400,500
	CONSUMER STAPLES (0.3%)	
1,400	Avon Products, Inc.#	
	Call, 01/20/07, Strike 45.00	581,000
1,300	Constellation Brands, Inc.#	
	Call, 01/20/07, Strike 55.00	1,066,000
1,800	Sara Lee Corp.#	
	Call, 01/20/07, Strike 22.50	274,500
		1,921,500
	ENERGY (0.4%)	
1,500	Apache Corp.#	
	Call, 01/20/07, Strike 60.00	1,290,000
1,000	Patterson-UTI Energy, Inc.#	
	Call, 01/20/07, Strike 25.00	535,000
1,600	Transocean, Inc.#	
	Call, 01/20/07, Strike 55.00	1,128,000
		2,953,000
	HEALTH CARE (0.5%)	
1,500	Guidant Corp.#	
	Call, 01/21/06, Strike 70.00	1,005,000
750	Triad Hospitals, Inc.#	
	Call, 01/20/07, Strike 50.00	708,750
800	UnitedHealth Group, Inc.#	
	Call, 01/20/07, Strike 85.00	1,760,000
		3,473,750
	INDUSTRIALS (0.2%)	
2,800	American Power Conversion Corp.#	
	Call, 01/20/07, Strike 25.00	896,000

1,700	American Standard Companies, Inc.# Call, 01/20/07, Strike 50.00	765,000
		1,661,000

See accompanying Notes to Schedule of Investments.

APRIL 30, 2005 (UNAUDITED)

NUMBER OF CONTRACTS		VALUE
	INFORMATION TECHNOLOGY (0.6%)	
1,800	Apple Computer, Inc.# Call, 01/20/07, Strike 37.50	$ 1,458,000
600	Electronic Arts, Inc.# Call, 01/20/07, Strike 70.00	264,000
3,000	Emulex Corp.# Call, 01/20/07, Strike 17.50	885,000
4,400	Nokia Corp.# Call, 01/20/07, Strike 15.00	1,320,000
1,800	Sandisk Corp.# Call, 01/20/07, Strike 30.00	738,000
		4,665,000
	TOTAL OPTIONS	18,074,750
	TOTAL SYNTHETIC CONVERTIBLE SECURITIES (Cost $121,124,037)	120,497,265

NUMBER OF SHARES		VALUE
CONVERTIBLE PREFERRED STOCKS (31.4%)		
	CONSUMER DISCRETIONARY (4.5%)	
856,000	Ford Motor Company Capital Trust II 6.500%	33,341,200
	CONSUMER STAPLES (3.2%)	
1,115,500	Albertson's, Inc. 7.250%	23,938,630
	ENERGY (1.5%)	
135,000	Amerada Hess Corp. 7.000%	10,979,550
	FINANCIALS (12.4%)	
11,700,000	Assurant, Inc.* 7.750%	11,928,150
400,000	Chubb Corp.	

	7.000%	11,936,000
250,000	Hartford Financial Services Group, Inc. 7.000%	16,500,000
465,000	Lehman Brothers Holdings, Inc. 6.250%	12,308,550
190,000	Merrill Lynch & Company, Inc.^ 6.750%	6,565,070
650,000	National Australia Bank, Ltd. 7.875%	24,635,000
150,000	Washington Mutual, Inc. 5.375%	7,702,500
		91,575,270

NUMBER OF SHARES		VALUE
	HEALTH CARE (1.9%)	
245,000	Baxter International, Inc.^ 7.000%	$ 13,646,500
	INDUSTRIALS (0.9%)	
2,500,000 GBP	BAE Systems, PLC 7.750%	6,525,593
	INFORMATION TECHNOLOGY (1.5%)	
235,000	Pioneer-Standard Financial Trust 6.750%	11,338,750
	UTILITIES (5.5%)	
410,000	AES Corp. Trust III 6.750%	17,978,500
350,000	CenterPoint Energy, Inc.++ 2.000%	11,785,900
26,900	Southern Union Company 5.000%	1,349,035
140,000	TXU Corp. 8.125%	9,938,600
		41,052,035
	TOTAL CONVERTIBLE PREFERRED STOCKS (Cost $221,228,936)	232,397,528

PRINCIPAL AMOUNT		VALUE
SHORT-TERM INVESTMENT (1.9%)		
$ 13,938,000	Exxon Mobil Corporation 2.600%, 05/02/05 (Cost $13,936,993)	13,936,993

NUMBER OF SHARES		VALUE
INVESTMENT OF CASH COLLATERAL FOR SECURITIES ON LOAN (20.5%)		
152,104,340	Bank of New York Institutional Cash Reserve Fund current rate 3.010%	

(Cost $152,104,340)	152,104,340
TOTAL INVESTMENTS (169.2%) (Cost $1,215,725,992)	1,253,921,558
PAYABLE UPON RETURN OF SECURITIES ON LOAN (-20.5%)	(152,104,340)
OTHER ASSETS, LESS LIABILITIES (3.2%)	23,813,406
PREFERRED SHARES AT REDEMPTION VALUE INCLUDING DIVIDENDS PAYABLE (-51.9%)	(384,324,540)
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS (100.0%)	$ 741,306,084

See accompanying Notes to Schedule of Investments.

Schedule of Investments

APRIL 30, 2005 (UNAUDITED)

NOTES TO SCHEDULE OF INVESTMENTS

NOTE: VALUES FOR SECURITIES DENOMINATED IN FOREIGN CURRENCIES ARE SHOWN IN U.S. DOLLARS.

* 144A securities are those that are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities are generally issued to qualified institutional buyers ("QIBs"), such as the Fund. Any resale of these securities must generally be effected through a sale that is exempt from registration (e.g. a sale to another QIB), or the security must be registered for public sale. At April 30, 2005, the market value of 144A securities that could not be exchanged to the registered form was $85,243,393 or 11.5% of net assets applicable to common shareholders of the Fund.

^ Security, or portion of security, is on loan.

Non-Income producing security.

+ Security was purchased at a price that takes into account the value, if any, of accrued but unpaid interest.

++ Variable rate security. The interest rate shown is the rate in effect at April 30, 2005.

FOREIGN CURRENCY ABBREVIATIONS

CAD Canadian Dollar
EUR European Monetary Unit
GBP British Pound Sterling

[THE FOLLOWING TABLE WAS REPRESENTED AS A BAR CHART IN THE PRINTED MATERIAL.]

FUND SECTOR ALLOCATION

CONSUMER DISCRETIONARY	27.8%
ENERGY	10.9%
MATERIALS	10.9%
CONSUMER STAPLES	10.7%
INFORMATION TECHNOLOGY	10.3%
FINANCIALS	9.7%
INDUSTRIALS	8.5%
HEALTH CARE	6.0%
UTILITIES	4.0%
TELECOMMUNICATION SERVICES	1.2%

Convertible Opportunities and Income Fund
10 SEMIANNUAL REPORT Schedule of Investments

See accompanying Notes to Schedule of Investments.

Statement of Assets and Liabilities

APRIL 30, 2005 (UNAUDITED)

ASSETS	
Investments, at value* (cost $1,215,725,992)	$1,253,921,558
Cash with custodian (interest bearing)	2,649
Receivable for investments sold	2,865,669
Accrued interest and dividends receivables	20,751,579
Unrealized appreciation on interest rate swaps	9,808,992
Prepaid expenses	37,877
Other assets	32,361
Total assets	1,287,420,685
LIABILITIES	
Payable for investments purchased	9,014,212
Payable to investment advisor	516,377
Payable to financial accountant	10,818
Payable for deferred compensation to Trustees	32,361
Other accounts payable and accrued liabilities	111,953
Payable upon return of securities loaned	152,104,340
Total liabilities	161,790,061
PREFERRED SHARES	
$25,000 liquidation value per share applicable to 15,360 shares, including dividends payable	384,324,540
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	741,306,084
COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	
Common stock, no par value, unlimited shares authorized 45,687,414 shares issued and outstanding	$ 659,222,410
Undistributed net investment income (loss)	(405,727)

Accumulated net realized gain (loss) on investments, written options, foreign currency transactions and interest rate swaps	34,476,390
Net unrealized appreciation (depreciation) on investments, written options, foreign currency translations and interest rate swaps	48,013,011
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	$ 741,306,084
Net asset value per common share based on 45,687,414 shares issued and outstanding	$ 16.23

* Includes $146,344,981 of securities loaned.

Convertible Opportunities and Income Fund
Statement of Assets and Liabilities SEMIANNUAL REPORT 11

See accompanying Notes to Financial Statements.

Statement of Operations

SIX MONTHS ENDED APRIL 30, 2005 (UNAUDITED)

INVESTMENT INCOME	
Interest	$ 36,278,481
Dividends	6,167,571
Securities lending income	286,884
Total investment income	42,732,936
EXPENSES	
Investment advisory fees	4,686,099
Financial accounting fees	66,853
Auction agent and rating agency fees	527,235
Printing and mailing fees	101,177
Accounting fees	84,528
Audit and legal fees	53,139
Custodian fees	44,852
Registration fees	21,300
Transfer agent fees	18,506
Trustees' fees	13,549
Other	28,758
Total expenses	5,645,996
Less expense waived	(1,464,406)
Net expenses	4,181,590
NET INVESTMENT INCOME (LOSS)	38,551,346
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS, WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS	
NET REALIZED GAIN (LOSS) FROM:	
Investments	35,150,508
Foreign currency transactions	(139,735)

Interest rate swaps	(720,761)
CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION ON:	
Investments	(69,419,195)
Foreign currency translations	54,632
Interest rate swaps	6,566,276
NET REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS, WRITTEN OPTIONS, FOREIGN CURRENCY AND INTEREST RATE SWAPS	(28,508,275)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	10,043,071
DIVIDENDS TO PREFERRED SHAREHOLDERS FROM	
Net investment income	(2,387,277)
Capital gains	(2,644,295)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS	$ 5,011,499

Convertible Opportunities and Income Fund
12 SEMIANNUAL REPORT Statement of Operations

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

	For the Six Months Ended April 30, 2005 (unaudited)	Oc
OPERATIONS		
Net investment income (loss)	$ 38,551,346	
Net realized gain (loss) from investments, written options, foreign currency transactions and interest rate swaps	34,290,012	
Change in net unrealized appreciation/depreciation on investments, written options, foreign currency translations and interest rate swaps	(62,798,287)	
Dividends to preferred shareholders from		
Net investment income	(2,387,277)	
Capital gains	(2,644,295)	
Net increase (decrease) in net assets applicable to common shareholders resulting from operations	5,011,499	
DIVIDENDS TO COMMON SHAREHOLDERS FROM		
Net investment income	(41,820,927)	
Capital gains	(46,563,355)	
Net decrease in net assets from dividends to common shareholders	(88,384,282)	
CAPITAL STOCK TRANSACTIONS		
Offering costs on preferred shares	--	
Reinvestment of dividends resulting in the issuance of common stock	16,400,381	
Net increase (decrease) in net assets from capital stock transactions	16,400,381	
TOTAL INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	(66,972,402)	

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	
Beginning of period	808,278,486
End of period	$ 741,306,084
Undistributed net investment income (loss)	$ (405,727)

See accompanying Notes to Financial Statements.

Notes to Financial Statements (unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION. CALAMOS Convertible Opportunities and Income Fund (the "Fund") was organized as a Delaware statutory trust on April 17, 2002 and is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The Fund commenced operations on June 28, 2002.

The Fund's investment objective is to provide total return, through a combination of capital appreciation and current income. Under normal circumstances the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible and non-convertible income securities. "Managed Assets" means the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus total liabilities (other than debt representing financial leverage).

PORTFOLIO VALUATION. In computing the net asset value of the Fund, portfolio securities, except exchange traded option securities, that are traded on a securities exchange in the United States are valued at the last reported sale price as of the time of valuation, or lacking any current reported sale at the time of valuation, at the mean between the most recent bid and asked quotations. Each security traded in the over-the-counter market and quoted on the NASDAQ National Market System, is valued at the Nasdaq Official Closing Price ("NOCP"), as determined by Nasdaq, or lacking an NOCP, the last current reported sale price as of the time of valuation by Nasdaq, or lacking any current reported sale on Nasdaq at the time of valuation, at the mean between the most recent bid and asked quotations. Each option security traded on a securities exchange in the United States is valued at the last current reported sale price as of the time of valuation if the last current reported sale price falls within the consolidated bid/ask quote for the option security. If the last current reported sale price as of the time of valuation does not fall within the consolidated bid/ask quote for such option security, such security is valued at the mid-point of the consolidated bid/ask quote for the option security. Each over-the-counter option that is not traded through the Options Clearing Corporation is valued by the counterparty, or if the counterparty's price is not readily available then by using the Black-Scholes method. Each other security traded over-the-counter is valued at the mean between the most recent bid and asked quotations. Short-term securities with maturities of 60 days or less are valued at amortized cost, which approximates market value.

When market quotations are not readily available or when the valuation methods mentioned above are not reflective of the fair value of the security, the security is priced at a fair value following procedures and/or guidelines approved by the Board of Trustees, which may include utilizing a systematic fair valuation model provided by an independent pricing system. The Fund may also use fair value pricing, if the value of a security it holds is, pursuant to Board of Trustees' guidelines, materially affected by events occurring before the Fund's pricing time but after the close of the primary market or exchange on which the security is traded. These procedures may utilize valuations furnished by pricing services approved by the Board of Trustees, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities. When fair value pricing is employed, the value of the portfolio security used to calculate the Fund's net asset value may differ from quoted or official closing prices.

Securities that are principally traded in a foreign market are valued at the last current sale price at the time of valuation or lacking any current or reported sale at the time of valuation, at the mean between the most recent bid and asked quotations as of the close of the appropriate exchange or other designated time. Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed at various times before the close of business on each day on which the New York Stock Exchange ("NYSE") is open. Trading of these securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Fund's net asset value is not calculated. As stated above, if the market prices are not readily available or are not reflective of the fair value of the security, the security will be priced at a fair value following procedures approved by the Board of Trustees. In light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security is accurate.

INVESTMENT TRANSACTIONS AND INVESTMENT INCOME. Short-term investment transactions are recorded on a trade date basis. Long-term investment transactions are recorded on a trade date plus one basis, except for fiscal quarter ends, which are recorded on trade date. Net realized gains and losses from investment transactions are reported on an identified cost basis. Interest income is recognized using the accrual method and includes accretion of original issue and market discount and amortization of premium.

Dividend income is recognized on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the information becomes available.

FOREIGN CURRENCY TRANSLATION. Except for securities of foreign issuers valued by a pricing service, values of investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using a rate selected by the advisor from rates quoted by any major bank or dealer in the particular currency market, as reported by a recognized quotation dissemination service.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign currency gains or losses arise from disposition of foreign currency, foreign currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books on the transaction date and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes (due to the changes in the exchange rate) in the value of foreign currency and other assets and liabilities denominated in foreign currencies held at period end.

OPTION TRANSACTIONS. For hedging and investment purposes, the Fund may purchase or write (sell) put and call options. One of the risks associated with purchasing an option among others, is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a written put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

USE OF ESTIMATES. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

INCOME TAXES. No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders substantially all of its taxable income and gains.

Dividends and distributions paid to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains is determined in accordance with Federal income tax regulations, which

may differ from U.S. generally accepted accounting principles. To the extent these "book/tax" differences are permanent in nature such amounts are reclassified within the capital accounts based on their Federal tax-basis treatment. These differences are primarily due to differing treatments for foreign currency transactions, contingent payment debt instruments and methods of amortizing and accreting on fixed income securities. Financial records are not adjusted for temporary differences.

NOTE 2 - INVESTMENT ADVISOR AND TRANSACTIONS WITH AFFILIATES OR CERTAIN OTHER PARTIES

Pursuant to an investment advisory agreement with Calamos Advisors LLC ("Calamos Advisors"), the Fund pays an annual fee, payable monthly, equal to 0.80% based on the average weekly managed assets. Calamos Advisors has contractually agreed to waive a portion of its management fee at the annual rate of 0.25% of the average weekly managed assets of the Fund for the first five full years of the Fund's operation (through June 30, 2007) and to waive a declining amount for an additional three years (0.18% of the average weekly managed assets in 2008, 0.11% in 2009, and 0.04% in 2010).

Effective November 1, 2004 Calamos Advisors receives a fee payable monthly at the annual rate of 0.0175% on the first $1 billion of combined assets; 0.0150% on the next $1 billion of combined assets; and 0.0110% on combined assets above $2 billion for financial accounting services (for purposes of this calculation combined assets means the net assets of Calamos Investment Trust and Calamos Advisors Trust, and the managed assets of Calamos Convertible and High Income Fund, Calamos Convertible Opportunities and Income Fund and Calamos Strategic Total Return Fund). Financial accounting services include, but are not limited to, the following: managing expenses and expense payment processing; monitoring the calculation of expense accrual amounts; calculating, tracking, and reporting tax adjustments on all assets and monitoring trustee deferred compensation plan accruals and valuations. The Fund will pay its pro rata share of the financial accounting services fee payable to Calamos Advisors based on average assets of the Fund.

Certain officers and trustees of the Fund are also officers and directors of Calamos Financial Services LLC ("CFS") and Calamos Advisors. All officers and affiliated trustees serve without direct compensation from the Fund.

The Fund has adopted a deferred compensation plan (the "Plan"). Under the Plan, a trustee who is not an "interested person" of Calamos Advisors and has elected to participate in the Plan (a "participating trustee") may defer receipt of all or a portion of his compensation from the Fund. The deferred compensation payable to the participating trustee is credited to the trustee's deferral account as of the business day such compensation would have been paid to the participating trustee. The value of a participating trustee's deferred compensation account at any time is equal to what would be the value if the amounts credited to the account had instead been invested in shares of one or more of the Funds of the Calamos Investment Trust as designated by the trustee. Thus, the value of the account increases with contributions to the account or with increases in the value of the measuring shares, and the value of the account decreases with withdrawals from the account or with declines in the value of the measuring shares. If a participating trustee retires, the trustee may elect to receive payments under the plan in a lump sum or in equal installments over a period of five years. If a participating trustee dies, any amount payable under the Plan will be paid to the trustee's beneficiaries. Deferred compensation investments of $32,361 are included in "Other assets" on the Statement of Assets and Liabilities at April 30, 2005. The Fund's obligation to make payments under the Plan is a general obligation of the Fund and is included in "Payable for deferred compensation to Trustees" on the Statement of Assets and Liabilities at April 30, 2005.

NOTE 3 - INVESTMENTS

Purchases and sales of investments other than short-term obligations For the six months ended April 30, 2005 were as follows:

Purchases	$ 247,655,081
Proceeds from sales	258,054,753

The following information is presented on an income tax basis as of April 30, 2005. Differences between amounts for financial statements and Federal income tax purposes are primarily due to timing differences.

The cost basis of investments for federal income tax purposes at April 30, 2005 was as follows:

Cost basis of investments	$ 1,221,676,371
Gross unrealized appreciation	67,228,076
Gross unrealized depreciation	(34,982,889)
Net unrealized appreciation (depreciation)	$ 32,245,187

NOTE 4 - INCOME TAXES

Distributions during the fiscal year ended October 31, 2004 were characterized for income tax purposes as follows:

DISTRIBUTIONS PAID FROM:

Net investment income	$ 99,594,856
Capital gains	5,444,071
As of October 31, 2004, the components of net assets on a tax basis were as follows:	
Undistributed ordinary income	$ 8,298,735
Undistributed capital gains	49,394,028
Total undistributed earnings	57,692,763
Accumulated capital and other losses	--
Net unrealized gains/(losses)	107,844,425
Total accumulated earnings/(losses)	165,537,188
Other	(80,731)
Paid-in capital	642,822,029
	$ 808,278,486

NOTE 5 - COMMON STOCK

There are unlimited common shares of beneficial interest authorized and 45,687,414 shares outstanding at April 30, 2005. Calamos Advisors LLC owned 8,358 of the outstanding shares. Transactions in common shares were as follows:

	For the Six Months Ended April 30, 2005 (unaudited)	For the Year Ended October 31, 2004
Beginning shares	44,833,669	43,904,538
Shares sold	--	--
Shares issued through reinvestment of distributions	853,745	929,131
Ending shares	45,687,414	44,833,669

NOTE 6 - FORWARD FOREIGN CURRENCY CONTRACTS

The Fund may engage in portfolio hedging with respect to changes in currency exchange rates by entering into foreign currency contracts to purchase or sell currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include, among other things, movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. The net unrealized gain, if

any, represents the credit risk to the Fund on a forward foreign currency contract. The contracts are valued daily at forward exchange rates and an unrealized gain or loss is recorded. The Fund realizes a gain or loss upon settlement of the contracts. There were no open forward foreign currency contracts at April 30, 2005.

NOTE 7 - SYNTHETIC CONVERTIBLE SECURITIES

The Fund may establish a "synthetic" convertible instrument by combining separate securities that possess the economic characteristics similar to a convertible security, i.e., fixed-income securities ("fixed-income component") and the right to acquire equity securities ("convertible component"). The fixed-income component is achieved by investing in non-convertible, fixed income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index. In establishing a synthetic instrument, the Fund may pool a basket of fixed-income securities and a basket of warrants or options that produce the economic characteristics similar to a convertible security. Within each basket of fixed-income securities and warrants or options, different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

The Fund may purchase synthetic securities created by other parties, typically investment banks, including convertible structured notes. Convertible structured notes are fixed-income debentures linked to equity. Convertible structured notes have the attributes of a convertible security; however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible. Purchasing synthetic convertible securities may offer more flexibility than purchasing a convertible security. Different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

NOTE 8 - PREFERRED SHARES

There are unlimited shares of Auction Market Preferred Shares ("Preferred Shares") authorized. The Preferred Shares have rights as determined by the Board of Trustees. The 15,360 shares of Preferred Shares outstanding consist of seven series, 2,040 shares of M, 2,040 shares of TU, 2,040 shares of W7, 2,400 shares of W28, 2,400 shares of TH7, 2,040 shares of TH28, and 2,400 shares of F. The Preferred Shares have a liquidation value of $25,000 per share plus any accumulated but unpaid dividends whether or not declared.

Dividends on the Preferred Shares are cumulative at a rate typically reset every seven and twenty-eight days based on the results of an auction. Dividend rates ranged from 1.90% to 3.45% for the six months ended April 30, 2005. Under the Investment Company Act of 1940, the Fund may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares would be less than 200%.

The Preferred Shares are redeemable at the option of the Fund, in whole or in part, on any dividend payment date at $25,000 per share plus any accumulated but unpaid dividends. The Preferred Shares are also subject to mandatory redemption at $25,000 per share plus any accumulated but unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of the Fund as set forth in the Statement of Preferences are not satisfied.

The holders of Preferred Shares have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class except on matters affecting only the holders of Preferred Shares or the holders of common shares.

NOTE 9 - INTEREST RATE TRANSACTIONS

The Fund may enter into interest rate swap or cap transactions to attempt to protect itself from increasing dividend or interest expense on its leverage resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. In addition, if the counterparty to an interest rate swap or cap defaults, the Fund would not be able to use the anticipated receipts under the swap or cap to offset the dividend or interest payments on the Fund's leverage. At the time an interest rate swap or cap reaches its scheduled termination, there is a risk that the Fund would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as on the expiring transaction. In addition, if the Fund is required to terminate any swap or cap early due to the Fund failing to maintain a required 200% asset coverage of the liquidation value of the outstanding Preferred Shares or the Fund loses its credit rating on its Preferred Shares, then the Fund could be required to make a termination payment, in addition to redeeming all or some of the Preferred Shares. Details of the swap agreements outstanding as of April 30, 2005 were as follows:

COUNTERPARTY	TERMINATION DATE	NOTIONAL AMOUNT (000)	FIXED RATE (FUND PAYS)	FLOATING RATE (FUND RECEIVES)	UNREALIZED APPRECIATIO (DEPRECIATIO
Merrill Lynch	July 3, 2006	$65,000	1.91%	1 month LIBOR	$ 1,374,64
Merrill Lynch	November 28, 2006	$60,000	2.82%	1 month LIBOR	922,92
Merrill Lynch	July 3, 2007	$65,000	2.33%	1 month LIBOR	2,283,37
Merrill Lynch	November 28, 2007	$60,000	3.26%	1 month LIBOR	1,140,51
Merrill Lynch	July 3, 2008	$70,000	2.69%	1 month LIBOR	2,988,04
Merrill Lynch	November 28, 2008	$60,000	3.60%	1 month LIBOR	1,099,50
					$ 9,808,99

NOTE 10 - SECURITIES LENDING

During the six months ended April 30, 2005, the Fund lent certain of its securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. The Fund continues to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and also receives an additional return that may be in the form of a fixed fee or a percentage of the collateral. The Fund may pay reasonable fees to persons unaffiliated with the Fund for services in arranging these loans. The Fund has the right to call the loan and obtain the securities loaned at any time on notice of not more than five business days. The Fund does not have the right to vote the securities during the existence of the loan but could call the loan in an attempt to permit voting of the securities in certain circumstances. Upon return of the securities loaned, the cash or cash equivalent collateral will be returned to the borrower. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights thereto, (b) possible subnormal levels of income and lack of access to income during this period, and (c) the expenses of enforcing its rights. In an effort to reduce these risks, Calamos Advisors LLC and the security lending agent will monitor the creditworthiness of the firms to which the Fund lends securities. At April 30, 2005, the Fund had securities valued at $146,344,981 that were on loan to broker-dealers and banks and $152,104,340 in cash or cash equivalent collateral.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period were as follows:

	For the Six Months Ended April 30,	For

	(unaudited) 2005	200
Net asset value, beginnning of period	$ 18.03	$ 18.
Income from investment operations:		
Net investment income (loss)	0.87	1.
Net realized and unrealized gain (loss) from investments, written options, foreign currency and interest rate swaps	(0.59)	0.
Dividends to preferred shareholders from:		
Net investment income (common share equivalent basis)	(0.05)	(0.
Capital gains (common share equivalent basis)	(0.06)	
Total from investment operations	0.17	2.
Less dividends to common shareholders from:		
Net investment income	(0.93)	(1.
Capital gains	(1.04)	(0.
Capital charge resulting from issuance of common and preferred shares	--	(0.
Net asset value, end of period	$ 16.23	$ 18.
Market value, end of period	$ 18.51	$ 20.
Total investment return based on(e):		
Net asset value	(0.51)%	12.
Market value	(0.20)%	17.
Ratios and supplemental data:		
Net assets applicable to common shareholders, end of period (000's omitted)	$741,306	$808,2
Preferred shares, at redemption value ($25,000 per share liquidation preference) (000's omitted)	$384,000	$384,0
Ratios to average net assets applicable to common shareholders:		
Net expenses(f)	1.06%	1.
Gross expenses prior to waiver of expenses by the advisor(f)	1.43%	1.
Net investment income (loss)(f)	9.78%	10.
Preferred share dividends(f)	0.60%	0.
Net investment income (loss), net of preferred share dividends(f)	9.18%	9.
Portfolio turnover rate	22%	
Asset coverage per preferred share, at end of period(g)	$ 73,283	$ 77,6

* Commencement of operations.

(a) Net of sales load of $.675 on initial shares issued and beginning net asset value of $14,325.

(b) Interest rate swap payments reclassified from net investment income (loss) to net realized and unrealized gain (loss) on investments, foreign currency and interest rate swaps.

(c) Based on average shares method.

(d) Amount equated to less than $0.05 per common share.

(e) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return is not annualized for periods less than one year. Brokerage commissions are not reflected.

(f) Annualized for periods less than one year.

(g) Calculated by subtracting the Fund's total liabilities (not including Preferred Shares) from the Fund's total assets and dividing this by the number of preferred shares outstanding.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of CALAMOS Convertible Opportunities and Income Fund:

We have reviewed the accompanying statement of assets and liabilities, including the schedule of investments, of CALAMOS Convertible Opportunities and Income Fund (the "Fund") as of April 30, 2005, and the related statements of operations and changes in net assets and the financial highlights for the semi-annual period then ended. These interim financial statements and financial highlights are the responsibility of the Fund's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such interim financial statements and financial highlights for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended October 31, 2004 and the financial highlights for each of the two years in the period ended October 31, 2004; and in our report dated December 21, 2004, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

/s/ Deloitte & Touche LLP

Chicago, Illinois
June 20, 2005

OTHER INFORMATION (UNAUDITED)

RESULTS OF SHAREHOLDER MEETING. The Annual Meeting of Shareholders of the Fund was held on April 6, 2005 where shareholders voted on the elections of trustees. With regard to the election, each trustee standing for election was elected by the shareholders as follows:

TRUSTEES	# OF COMMON AND PREFERRED SHARES	
	FOR	WITHHELD
John P. Calamos, Sr.	41,061,167	404,814
Weston W. Marsh	41,053,927	412,054

	# OF PREFERRED SHARES	
	FOR	WITHHELD
William R. Rybak	10,536	51

The other trustees of the Fund whose terms did not expire in 2005 are Nick P. Calamos, Joe F. Hanauer, John E. Neal and Stephen B. Timbers.

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[LOGO]
CALAMOS INVESTMENTS(R)

Calamos Investments | 1111 E. Warrenville Road | Naperville, IL 60563-1463 |
800.582.6959 | www.calamos.com

A description of the Calamos Proxy Voting Policies and Procedures is available free of charge upon request by calling (800) 582-6959, by visiting the Calamos website at www.calamos.com, or by writing Calamos at: Calamos Investments, Attn: Client Services, 1111 E. Warrenville Road, Naperville, IL 60563. The Fund's proxy voting record for the twelve month period ended June 30, 2004, is also available upon request by calling or writing Calamos Investments and by visiting the SEC Web site at www.sec.gov.

The Fund files a complete list of its portfolio holdings with the SEC for the first and third quarters each fiscal year on Form N-Q. The Form N-Q is available free of charge, upon request, by calling or writing Calamos Investments or by visiting the SEC website. You may also review or, for a fee, copy the forms at the SECs Public Reference Room in Washington, D.C. (202) 942-8090.

FOR 24 HOUR SHAREHOLDER ASSISTANCE
800.432.8224

TO OBTAIN INFORMATION
800.582.6959

VISIT OUR WEB SITE
www.calamos.com

INVESTMENT ADVISOR
Calamos Advisors LLC
1111 E. Warrenville Road
Naperville, IL 60563-1463

FUND ACCOUNTING AGENT
State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02111

CUSTODIAN AND TRANSFER AGENT
The Bank of New York
P.O. Box 11258
Church Street Station
New York, NY 10286
800.524.4458

INDEPENDENT ACCOUNTANTS
Deloitte and Touche LLP
Chicago, IL

LEGAL COUNSEL
Bell, Boyd & Lloyd LLC
Chicago, IL

AS OF JULY 15, 2005, CALAMOS INVESTMENTS
WILL BE LOCATED AT:
2020 CALAMOS COURT
NAPERVILLE, IL 60563

CHISAN 1790 2005

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS

Included in the Report to Shareholders in Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

PERIOD	(A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER SHARE (OR UNIT)	(C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) MAXIMUM NUM (OR APPROXIMATE D VALUE) OF SHARES UNITS) THAT MAY Y PURCHASED UNDER PLANS OR PROGR
November 1 to November 30	0	0	0	0
December 1 to December 31	3,290	$21.37	0	0
January 1 to January 31	0	0	0	0
February 1 to February 28	0	0	0	0
March 1 to March 31	0	0	0	0
April 1 to April 30	0	0	0	0
Total	0	0	0	0

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ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No material changes.

ITEM 11. CONTROLS AND PROCEDURES.

a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of Ethics -- Not applicable.

(a)(2)(i) Certification of Principal Executive Officer.

(a)(2)(ii) Certification of Principal Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Calamos Convertible Opportunities and Income Fund

By: /s/ John P. Calamos, Sr.

Name: John P. Calamos, Sr.
Title: Principal Executive Officer
Date: June 29, 2005

By: /s/ Patrick H. Dudasik

Name: Patrick H. Dudasik
Title: Principal Financial Officer
Date: June 29, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Calamos Convertible Opportunities and Income Fund

By: /s/ John P. Calamos, Sr.

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   ------------------------------------------------------------------------------
Name:  John P. Calamos, Sr.
Title:   Principal Executive Officer
Date: June 29, 2005

By: /s/ Patrick H. Dudasik
   ------------------------------------------------------------------------------
Name:  Patrick H. Dudasik
Title:   Principal Financial Officer
Date: June 29, 2005
```

e Months **Ended Ended September 30, September 30, 2005 2005**

Revenues
$418,485 $1,553,624
Cost of sales
412,218 1,476,718

Gross profit
6,267 76,906
Selling, general and administrative expenses
22,420 76,479
Restructuring and asset impairment charges, net
37,453 106,886
Chapter 11 and related reorganization items
6,615 151,524

Operating loss
(60,221) (257,983)
Interest expense, net
18,745 78,706
Inter-company interest income
(5,411) (17,009)

Loss before provision for income taxes, equity in earnings of joint ventures and equity in earnings from non-Debtor subsidiaries
(73,555) (319,680)
Provision (benefit) for income taxes
(2,806) 5,409

Loss before equity in earnings of joint ventures and equity in earnings of non-Debtor subsidiaries
(70,749) (325,089)
Equity in earnings of joint ventures, net of tax
48 48
Equity in earnings (loss) of non-Debtor subsidiaries
(5,855) 16,037

Net loss
$(76,556) $(309,004)

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Debtors Condensed Consolidated Statements of Cash Flows
Debtors- in-Possession
(Amounts in thousands unaudited)

	Nine Months Ended September 30, 2005
OPERATING ACTIVITIES:	$ (309,004)
Net loss	
Adjustments required to reconcile net loss to net cash provided by (used in) operating activities:	
Chapter 11 and related reorganization items, net	133,171
Non-cash restructuring and impairment	100,065
Depreciation	81,522
Equity in earnings of non-Debtor subsidiaries	(16,037)
Equity in earnings of joint ventures, net	(48)
Change in working capital and other operating items	(186,100)
Net cash used in operating activities	(196,431)
INVESTING ACTIVITIES:	
Cash disbursed for purchases of property, plant and equipment	(34,743)
Net cash used for investing activities	(34,743)
FINANCING ACTIVITIES:	
Repayments of pre-petition borrowings	(430,370)
Proceeds from DIP borrowings	1,054,285
Repayments of DIP borrowings	(498,647)
Net cash provided by financing activities	125,268
NET CHANGE IN CASH AND CASH EQUIVALENTS	(105,906)
Cash and cash equivalents, beginning of period	107,081
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,175

3. Inventories

Inventories are valued at the lower of first-in-first-out (FIFO) cost or market, and consist of the following (in thousands):

	September 30, 2005	December 31, 2004

Raw materials	$	72,284	$	91,220
Work in process		31,106		26,820
Finished goods		35,722		40,994
	$	139,112	$	159,034

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4. Debt

Chapter 11 Impact

Under the terms of the Company s pre-petition credit agreement, the Chapter 11 filing created an event of default. Upon the Chapter 11 filing, the lenders obligation to loan additional money to the Company terminated, the outstanding principal of all obligations became immediately due and payable and the Debtors were required to immediately deposit funds into a collateral account to cover the outstanding amounts under the letters of credit issued pursuant to the Company s pre-petition credit agreement (Credit Agreement). Outstanding obligations under the Credit Agreement were $425 million, which was refinanced through the DIP financing described below.

In addition, the Chapter 11 filing caused a default on the Convertible Debentures, Senior Notes, Senior Euro Notes and the amount due to the Tower Automotive Capital Trust (see Note 2).

Pursuant to SOP 90-7, the Company ceased recognizing interest expense on the Convertible Debentures, Senior Notes, Senior Euro Notes and the amount due to the Tower Automotive Capital Trust effective February 2, 2005. Contractual interest not accrued or paid during the period from February 2, 2005 through September 30, 2005 is $48.8 million.

The debt of the Company s foreign subsidiaries is not subject to compromise in the bankruptcy proceedings as the Company s operating foreign subsidiaries are not included in the Chapter 11 filing.

DIP Financing

In February 2005, the Bankruptcy Court approved a Revolving Credit, Term Loan and Guaranty Agreement, as amended, (DIP Agreement) between the Company and a national banking institution as agent for the lenders (Lenders) and each of the Lenders.

The DIP Agreement provides for a $725 million commitment of debtor-in-possession financing comprised of a revolving credit and letter of credit facility in an aggregate principal amount not to exceed $300 million and a term loan in the aggregate principal amount of $425 million. The proceeds of the term loan have been used to refinance the Debtors obligations of amounts outstanding under the Credit Agreement. The proceeds of the revolving credit loans shall be used to fund the working capital requirements of the Debtors during the Chapter 11 proceedings. Obligations under the DIP Agreement are secured by a lien on the assets of the Debtors (such lien shall have first priority with respect to a significant portion of the Debtors assets) and by a super-priority administrative expense claim in each of the bankruptcy cases.

Advances under the DIP Agreement bear interest at a fixed rate per annum equal to (x) the greatest (as of the date the advance is made) of the prime rate, the Base CD Rate (as defined in the DIP Agreement) plus 1%, or the Federal Funds Effective Rate (as defined in the DIP Agreement) plus 0.5%, plus (y) 1.75%, in the case of a loan under the revolving facility, or 2.25% in the case of the term loan. Alternatively, the Debtors may request that advances be made at a variable rate equal to (x) the Adjusted LIBO Rate (as defined in the DIP Agreement), for a one-month, three-month, six-month, or nine-month period, at the election of the Debtors, plus (y) 2.75%, in the case of a loan under the revolving facility, or 3.25% in the case of the term loan. In addition, the DIP Agreement obligates the Debtors to pay certain fees to the Lenders as described in the DIP Agreement. At September 30, 2005, $170 million was available for borrowing under the revolving credit and letter of credit facility. For the period of February 2, 2005 through September 30, 2005, the weighted average interest rate associated with borrowings pertaining to the DIP Agreement was 6.88%. DIP commitment fees totaled $10.9 million during the period of February 2, 2005 through September 30, 2005. The DIP Agreement matures on February 2, 2007; however, the Debtors are obligated to repay all borrowings made pursuant to the DIP Agreement upon substantial consummation of a plan of reorganization of the Debtors that is confirmed pursuant to an order of the Bankruptcy Court.

The DIP Agreement contains various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including (without limitation) reporting requirements and maintenance of financial covenants.

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The Debtors obligations under the DIP Agreement may be accelerated following certain events of default, including (without limitation) any breach by the Debtors of any of the representations, warranties, or covenants made in the DIP Agreement or the conversion of any of the bankruptcy cases to a case under Chapter 7 of the Bankruptcy Code or the appointment of a trustee pursuant to Chapter 7 of the Bankruptcy Code.

Back-Stop Agreement

The Debtors have entered into a Back-Stop Agreement with a finance company (Finance Company). Under the Back-Stop Agreement, the Finance Company agreed to take by assignment any second lien holder s rights and obligations as a second lien holder in association with second lien letters of credit under the Credit Agreement in an aggregate amount not to exceed $155 million.

Draws were made against the second lien letters of credit of $15.8 million as of September 30, 2005. In October 2005, additional draws of $25.2 million were made against the second lien letters of credit.

Debt Classified as Not Subject to Compromise

The Company s industrial development revenue bonds and the debt associated with the Company s variable interest entity of $43.8 million and $14.2 million, respectively, are classified as liabilities not subject to compromise on the Company s Condensed Consolidated Balance Sheet at September 30, 2005. The Company s foreign subsidiary indebtedness of $203.0 million at September 30, 2005, is not subject to compromise as the Company s operating foreign subsidiaries are not included in the bankruptcy proceedings.

Interest Rate Swap Contracts

In February 2005, the Company s interest rate swap contracts were terminated. The Company had previously de-designated one of the contracts as a cash flow hedge. Amounts previously deferred in other comprehensive income were deferred over the initial term of the contract, as the Company expected that the cash flows originally hedged would continue to occur. As of September 30, 2005, no amounts remain deferred in other comprehensive loss as the remaining term of the contract expired during the quarter ended September 30, 2005.

Unrealized Gain on Derivative

The Company s pre-petition Convertible Debentures contain an embedded conversion option. The initial value associated with the embedded conversion option was $12.6 million and was being marked to market through the Company s Statement of Operations during the period of May 24, 2004 through September 19, 2004. During the three and nine months ended September 30, 2004, the Company recognized income of approximately $5.7 million and $3.9 million, respectively, in relation to the change in fair value of the embedded conversion option, which is included in Unrealized Gain on Derivative in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2004. As of September 20, 2004, mark-to-market adjustments were no longer required, as the Company s stockholders approved the issuance of the Convertible Debentures and the common stock issuable upon conversion or repurchase of the Convertible Debentures.

5. Accounts Receivable Securitization Facility

On December 30, 2004, the Company, a qualifying special purpose entity (QSPE) and a third-party lender entered into a $50.0 million accounts receivable securitization facility agreement (the Facility). Pursuant to the terms of the Facility, the Company unconditionally sold certain accounts receivable to the QSPE on an ongoing basis. The QSPE funded its purchases of the accounts receivable through borrowings from the third-party lender. A security interest with respect to such accounts receivable was granted to the third-party lender. In addition, the Company was allowed, from time to time, to contribute capital to the QSPE in the form of contributed receivables or cash. The Facility allowed the Company to earn fees for performing collection and administrative functions associated with the Facility. The Facility had an

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expiration date of the earlier of 36 months subsequent to December 30, 2004 or the occurrence of a termination event as defined in the agreement. The accounts receivable sold were removed from the consolidated balance sheet of the Company as these receivables and the QSPE met the applicable criteria of SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. The Facility became unavailable on February 2, 2005, the date on which the Debtors filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

During the nine months ended September 30, 2005, the Company received $74.0 million in cash proceeds from receivables sold to the QSPE and reinvested $78.1 million in cash collections in revolving securitizations with the QSPE. The Company recognized interest expense of $0.8 million associated with the Facility, which represents the discount on the sale of the receivables to the QSPE.

6. Income Taxes

During the three and nine months ended September 30, 2005, the Company recognized income tax expense of $1.5 million and $17.3 million, respectively, in relation to pre-tax losses of $78.0 million and $298.5 million, respectively. These income tax provisions resulted primarily from foreign income taxes and state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2005 periods.

As a result of changes in non-U.S. income tax regulations, the Company made an election under the U.S. Internal Revenue Code to exclude one of its non-U.S. subsidiaries from its U.S. Federal income tax return in the third quarter of 2005. This non-U.S. subsidiary had previously been included in the Company s U.S. Federal income tax return. As a result of this election, taxable income of approximately $60 million was generated for U.S. Federal income tax purposes, the tax impact of which has been entirely offset through the utilization of the Company s existing U.S. Federal net operating losses and corresponding adjustment to its valuation allowance.

7. Stockholders Deficit

Earnings (Loss) Per Share

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The effects of common stock equivalents have not been included in diluted loss per share for all periods presented, as the effect would be anti-dilutive. Common stock equivalents totaled 96.5 million shares, 96.6 million shares, 9.1 million shares and 14.2 million shares for the three and nine months ended September 30, 2005 and the three and nine months ended September 30, 2004, respectively.

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Stock-Based Compensation

The Company accounts for stock options under the provisions of Accounting Principles Board Opinion (APB) No. 25, under which no compensation expense is recognized when the stock options are granted to colleagues and directors with an exercise price equal to fair market value of the stock as of the grant date. The grant date represents the measurement date of the stock options. The Company may also grant stock options to outside consultants. The fair value of options granted to outside consultants is expensed over the period services are rendered based on the Black-Scholes valuation model.

The Company has three stock option plans and three stock purchase plans: the 1994 Key Employee Stock Option Plan; the Long Term Incentive Plan; and the Independent Director Stock Option Plan; and, the Employee Stock Purchase Plan; the Key Leadership Deferred Income Stock Purchase Plan; and the Director Deferred Income Stock Purchase Plan, respectively. Had compensation expense for these plans been determined as required under SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, the Company s pro forma net loss and pro forma net loss per share would have been as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	**2004**	**2005**	**2004**
Net loss as reported	$ (76,556)	$ (20,218)	$ (309,004)	$ (10,857)
Add: Stock-based compensation included in reported net loss, net of related tax effects	106	65	617	637
Deduct: Stock-based compensation determined under fair value based method for all awards, net of related tax effects	(1,204)	(432)	(550)	(1,568)
Pro Forma net loss	$ (77,654)	$ (20,585)	$ (308,937)	$ (11,788)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	**2004**	**2005**	**2004**
Basic loss per share as reported	$(1.31)	$(0.35)	$(5.27)	$(0.19)
Pro Forma	(1.32)	(0.35)	(5.27)	(0.20)
Diluted loss per share as reported	$(1.31)	$(0.35)	$(5.27)	$(0.19)
Pro Forma	(1.32)	(0.35)	(5.27)	(0.20)

As of September 20, 2005, the Company fully vested all outstanding stock options. The Company has recognized no expense in relation to these options in its Statements of Operations in accordance with APB 25.

The pro forma net loss for the nine months ended September 30, 2005 is less than the reported net loss for that period as a result of the recognition of forfeitures exceeding fair value stock-based compensation expense for the first and second quarters of 2005.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 3.89% in the 2005 periods and a risk free interest rate of 4.33% and 3.92% in the 2004 periods; expected life of seven years for the 2005 and 2004 periods; expected volatility of 61.21% in the 2005 periods and 61.21% and 58.00% in the 2004 periods; and no expected dividends in both the 2005 and 2004 periods.

8. Acquisitions

Effective February 27, 2004, the Company acquired the remaining 34% ownership interest in Seojin Industrial Company Limited (Seojin) for consideration of approximately $21.3 million. Such consideration consisted of cash of $21.3 million offset by the repayment of $11.0 million of loans to

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Seojin s minority shareholder, resulting in a net cash outflow of $10.3 million. Seojin is a supplier of frames, modules and structural components to the Korean automotive industry, primarily Hyundai/ Kia. The Company financed the acquisition through Korean debt facilities, which are not covered under the Company s credit facilities described in Note 4. The acquisition was accounted for under the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at fair value at the date of acquisition.

9. Investments in Joint Ventures

In March 2004, the Company sold its 30.76% ownership interest in Yorozu Corporation (Yorozu) to Yorozu, through a share buy-back transaction on the Tokyo Stock Exchange. Yorozu is a supplier of suspension modules and structural parts to the Asian and North American automotive markets. The Company received proceeds of approximately $51.7 million through this sale. The consideration for the sale was based on the prevailing price of Yorozu, as traded on the Tokyo Stock Exchange. The Company recognized a gain on the sale of $9.7 million during the nine months ended September 30, 2004. The proceeds of this divestiture were utilized for tooling purchases and other capital expenditures.

On February 10, 2004, the Company announced that a decision had been finalized by DaimlerChrysler to move the production of the frame assembly for the Dodge Ram light truck from the Company s Milwaukee, Wisconsin facility to the Company s joint venture partner, Metalsa S. de R.L. (Metalsa) headquartered in Monterrey, Mexico. The Dodge Ram frame program produced in the Milwaukee facility was expected to run through 2009. Production at the Milwaukee facility related to this program ceased in June 2005. The Company recognized revenue associated with the Dodge Ram frame program in the amount of $8.2 million and $43.7 million, respectively, for the three months ended September 30, 2005 and 2004 and $96.9 million and $162.9 million, respectively, for the nine months ended September 30, 2005 and 2004. The Company is a 40% partner in Metalsa with Promotora de Empresas Zano, S.A. de C.V. (Proeza). Metalsa is the largest supplier of vehicle frames and structures in Mexico.

10. Retirement Plans

The following table provides the components of net periodic pension benefit cost and other post-retirement benefit cost for the three months ended September 30, (in thousands):

	Pension Benefits		Other Benefits	
	2005	**2004**	**2005**	**2004**
Service cost	$ 819	$ 2,140	$ 82	$ 94
Interest cost	3,906	3,626	2,172	1,935
Expected return on plan assets	(3,835)	(3,045)		
Amortization of transition assets		(1)		
Amortization of prior service cost	621	1,054		
Amortization of net losses	1,009	941	3,204	1,495
Net periodic benefit cost	$ 2,520	$ 4,715	$ 5,458	$ 3,524

The following table provides the components of net periodic pension benefit cost and other post retirement benefit cost for the nine months ended September 30, (in thousands):

	Pension Benefits		Other Benefits	
	2005	**2004**	**2005**	**2004**
Service cost	$ 4,259	$ 6,420	$ 482	$ 283
Interest cost	11,485	10,879	6,302	5,804
Expected return on plan assets	(11,179)	(9,134)		
Amortization of transition assets		(4)		
Amortization of prior service cost	3,084	3,162		
Amortization of net losses	3,063	2,824	9,663	4,485

Net periodic benefit cost	$ 10,712	$ 14,147	$ 16,447	$ 10,572

The Company previously disclosed in its consolidated financial statements for the year ended December 31, 2004 that it expects its minimum pension funding requirements to be $32.4 million during 2005. During

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the three and nine months ended September 30, 2005, the Company made contributions of $8.1 million and $21.2 million, respectively to its pension plans. The Company presently anticipates contributing an additional $6.2 million to fund its pension plans in 2005 for a total of $27.4 million based upon the Company s most recent estimate.

The Company contributed $1.5 million and $6.9 million, respectively, during the three and nine months ended September 30, 2005 to its defined contribution employee savings plans.

The Company previously disclosed in its consolidated financial statements for the year ended December 31, 2004 that it expects minimum funding requirements in relation to its postretirement plans to be $20.6 million during 2005. During the three and nine months ended September 30, 2005, the Company made contributions of $4.8 million and $16.0 million, respectively, to its postretirement plans. The Company presently anticipates contributing an additional $6.5 million to fund its postretirement plans in 2005 for a total of $22.5 million based upon the Company s most recent estimate.

11. Segment Information

The Company produces a broad range of assemblies and modules for vehicle body structures and suspension systems for the global automotive industry. The Company s operations have similar characteristics including the nature of products, production processes and customers. The Company s products include body structures and assemblies, lower vehicle frames and structures, chassis modules and systems and suspension components for the automotive industry. Management reviews the operating results of the Company and makes decisions based upon two operating segments: North America and International. Financial information by segment is as follows (in thousands):

	North America	International	Total
Three months ended September 30, 2005:			
Revenues	$ 427,437	$ 285,227	$ 712,664
Operating income (loss)	(55,675)	5,844	(49,831)
Restructuring and asset impairment charges	37,454	239	37,693
Total assets	1,202,898	1,118,176	2,321,074
Three months ended September 30, 2004:			
Revenues	$ 465,044	$ 257,290	$ 722,334
Operating income (loss)	(15,174)	12,035	(3,139)
Restructuring and asset impairment charges	2,020		2,020
Total assets	2,035,586	990,403	3,025,989
Nine months ended September 30, 2005:			
Revenues	$ 1,587,442	$ 964,116	$ 2,551,558
Operating income (loss)	(111,872)	52,409	(59,463)
Restructuring and asset impairment charges	106,887	1,990	108,877
Total assets	1,202,898	1,118,176	2,321,074
Nine months ended September 30, 2004:			
Revenues	$ 1,516,394	$ 770,389	$ 2,286,783
Operating income	13,736	48,492	62,228
Restructuring and asset impairment charges	(3,283)		(3,283)
Total assets	2,035,586	990,403	3,025,989

Inter-segment revenues are not significant for any period presented.

The change in the carrying amount of goodwill for the nine months ended September 30, 2005, by operating segment follows (in thousands):

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	International
Balance at December 31, 2004	$ 174,563
Currency translation adjustment	(19,175)
Balance at September 30, 2005	$ 155,388

12. Restructuring and Asset Impairment Charges

The Company has executed various restructuring plans and may execute additional plans in the future to respond to its bankruptcy proceedings, customer sourcing decisions, realignment of manufacturing capacity to prevailing global automotive production and to improve the utilization of remaining facilities. Estimates of restructuring charges are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established reserves. All lease rejection costs are contained in Chapter 11 and related reorganization items on the Company s statements of operations.

On April 15, 2005, the Company committed to a plan to close its Belcamp, MD, Bowling Green, KY and Corydon, IN facilities. The facilities ceased production in June 2005. In addition, as a result of the closing of the Corydon, IN facility, the Company reduced the number of employees at its Granite City, IL facility. These actions resulted in the elimination of approximately 800 positions. These restructuring initiatives are designed to reduce excess capacity and associated costs and improve overall efficiency.

Total costs associated with these actions amount to approximately $63.4 million, which is comprised of employee termination benefits of $3.8 million, asset impairment charges of $32.1 million, related lease costs of $25.0 million and other costs of $2.5 million. The $25 million of related lease costs are contained in Chapter 11 and related reorganization items on the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2005. The $32.1 million of asset impairment charges were recognized in the three months ended March 31, 2005. Cash expenditures for these actions are estimated at $4.5 million. These amounts do not include approximately $4.7 million of cash expenditures to be incurred for training and relocation of colleagues and equipment. These actions are contained in the North America operating segment.

On October 5, 2005, the Company notified employees at its Milwaukee, WI facility that production of the Ford Ranger Truck frame would be moved to its Bellevue, OH facility. This action was taken to reduce costs and improve overall operating efficiency and is contained in the North America operating segment. Production in Milwaukee will end in March 2006.

Total estimated costs associated with this action are approximately $6 million, which is comprised of employee termination benefits of $4 million, asset impairment charges of $1 million and other costs of $1 million. Future cash expenditures for these actions are estimated at $5 million. These amounts do not include approximately $8 million of cash expenditures to move and install equipment in Bellevue. The asset impairment charges were recognized during the third quarter of 2005.

On October 13, 2005, the Company notified employees at its Granite City, IL and Milan, TN operations, of the Company s intention to close these two manufacturing facilities. This action is part of the Company s ongoing rationalization and consolidation of its North American operations to reduce excess capacity, reduce costs and improve overall operating efficiency. These facility closures are expected to be completed by December 2006.

Total estimated costs associated with these actions are approximately $65 million, which is comprised of employee termination benefits of $7 million, asset impairment charges of $20 million, non-cash lease rejection and restructuring charges of $31 million and other costs of $7 million. Future cash expenditures for these actions are estimated at $14 million. These amounts do not include approximately $38 million of cash expenditures for new building and consolidation and relocation costs. The asset impairment charges were recognized during the third quarter of 2005.

The Company recognized other restructuring charges contained in the North America operating segment relating primarily to the Milwaukee facility, including certain pension and postretirement curtailment charges, during the three and nine months ended September 30, 2005. The Company recognized approximately $15.5 million of net costs as a results of these actions.

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During the second quarter of 2005, the Company determined that certain property, plant and equipment in North America would not be utilized through the date originally estimated. Cash flow projections were prepared which indicated that there were not sufficient projected cash flows to support the carrying value of such property, plant and equipment, which resulted in an asset impairment charge of $29.6 million included in restructuring and asset impairment charges in the accompanying statement of operations for the nine months ended September 30, 2005.
The table below summarizes the accrual for the Company s various restructuring actions for the nine months ended September 30, 2005 (in thousands):

	Severance	Other Costs	Total
Balance at December 31, 2004	$ 2,615	$ 4,349	$ 6,964
Provision	6,595		6,595
Cash usage	(3,848)		(3,848)
Non-cash charges and revisions of estimates	(1,069)	(4,349)	(5,418)
Balance at September 30, 2005	$ 4,293	$	$ 4,293

Except as disclosed above, the Company does not anticipate incurring additional material cash charges associated with these actions.

13. Comprehensive Income (Loss)

The following table presents comprehensive income (loss), net of tax (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net loss	$ (76,556)	$ (20,218)	$ (309,004)	$ (10,857)
Change in cumulative translation adjustment	964	4,235	(16,097)	(8,610)
Unrealized gain on qualifying cash flow hedges, net of tax of $-, $575, $- and $2,299, respectively	1,132	1,118	4,460	4,463
Comprehensive income (loss)	$ (74,460)	$ (14,865)	$ (320,641)	$ (15,004)

14. Commitments and Contingencies

Environmental Matters

The Company owns properties which have been impacted by environmental releases. The Company is liable for costs associated with investigation and/or remediation of contamination in one or more environmental media at some of these properties. The Company is actively involved in investigation and/or remediation at several of these locations. At certain of these locations, costs incurred for environmental investigation/remediation are being paid partly or completely out of funds placed into escrow by previous property owners. Nonetheless, total costs associated with remediation of environmental contamination at these properties could be substantial and may have an adverse impact on the Company s financial condition, results of operations or cash flows.
Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The established liability for environmental matters is based upon management s best estimates of expected investigation/remediation costs related to environmental contamination. It is possible that actual costs associated with these matters will exceed the

environmental reserves established by the Company. Inherent uncertainties exist in the estimates, primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability and evolving technologies for handling site remediation and restoration. As of September 30, 2005 and December 31, 2004, the Company had accrued approximately $11.6 million and $16.3 million, respectively.

Litigation

The Company is subject to various legal actions and claims incidental to its business. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not predictable with assurance. After discussions with counsel, it is the opinion of management that the outcome of such matters will not have a material adverse impact on the Company s financial position, results of operations or cash flows.

On February 2, 2005, the Debtors filed a voluntary petition for relief under the Bankruptcy Code. The cases of each of the Debtors were consolidated for the purpose of joint administration (See Note 2). As a result of the commencement of the Chapter 11 proceedings by the Debtors, an automatic stay has been imposed against the commencement or continuation of legal proceedings, pertaining to claims existing as of February 2, 2005, against the Debtors outside of the Bankruptcy Court. Claimants against the Debtors may assert their claims in the Chapter 11 proceedings by filing a proof of claim, to which the Debtors may object and seek a determination from the Bankruptcy Court as to the allowability of the claim. Claimants who desire to liquidate their claims in legal proceedings outside of the Bankruptcy Court will be required to obtain relief from the automatic stay by order of the Bankruptcy Court. If such relief is granted, the automatic stay will remain in effect with respect to the collection of liquidated claim amounts. Generally, all claims against the Debtors that seek a recovery from assets of the Debtors estates will be addressed in the Chapter 11 proceedings and paid only pursuant to the terms of a confirmed plan of reorganization.

The Company requested an extension of the required due date for the filing of its plan of reorganization. On September 21, 2005, the Bankruptcy Court approved an extension of the due date from September 30, 2005 to January 27, 2006.

Key Employee Retention Plan Agreements

On March 30, 2005, the Bankruptcy Court entered an order approving the execution and implementation by the Company of Key Employee Retention Plan Agreements (the KERP Agreements) and the assumption of certain executive contracts.

The Company entered into the KERP Agreements to ensure the continued contributions of its key employees during the Company s Chapter 11 bankruptcy proceedings. Under each KERP Agreement, the Company agrees to pay the applicable employee a retention incentive. The total amount of the retention incentive (which varies by employee from 40% to 110% of base salary) is payable in four installments of 25% each, conditioned upon the employee s continued employment by the Company through each of the scheduled payment dates. The four scheduled payment dates are (1) May 2, 2005; (2) November 2, 2005; (3) the confirmation of a plan of reorganization in the Company s Chapter 11 proceedings; and (4) six months after the confirmation of a plan of reorganization in the Company s Chapter 11 proceedings. The approximate cost of the KERP Agreements and the assumption of certain executive contracts is approximately $13.2 million. During the three and nine months ended September 30, 2005, the Company recognized expense of $1.7 million and $3.4 million, respectively, in relation to this plan.

Pursuant to each KERP Agreement, if the employee s employment by the Company is voluntarily terminated by the employee (other than upon retirement) or is terminated by the Company for cause (as defined in the KERP Agreement) prior to a scheduled payment date, the employee forfeits all unpaid amounts of the retention incentive. If an employee s employment by the Company is terminated by the Company other than for cause or is terminated as a result of retirement, disability or death, the Company is obligated to pay the employee (or his or her estate) a prorated portion of the unpaid amount of the retention incentive, based upon the date of termination of employment.

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15. Recently Issued Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), Share-Based Payment. SFAS 123(R) applies to all transactions involving the issuance of equity instruments (stock, stock options and other equity instruments) for goods or services, or the incurrence of liabilities for goods or services that are based on the fair value of an entity s equity or may be settled in an entity s equity. Under this standard, the fair value of all employee share-based payment awards will be expensed through the statement of operations over any applicable vesting period. SFAS 123(R) requires the use of a fair value valuation method to measure share-based payment awards. This standard is effective for the Company on January 1, 2006. The Company shall be required to recognize compensation expense, over an applicable vesting period, for all awards granted subsequent to adoption of this standard. In addition, the Company shall be required to recognize compensation expense pertaining to the unvested portion of previously granted awards outstanding as of the date of adoption as those awards continue to vest. The Company anticipates that adoption of SFAS 123(R) will not have a material impact on its consolidated financial statements.

In May 2005, the FASB issued SFAS 154, Accounting Changes and Error Corrections. SFAS 154 replaces Accounting Principles Board Opinion No. 20, Accounting Changes and SFAS 3, Reporting Accounting Changes in Interim Financial Statements and changes the requirements for the accounting and reporting of a change in accounting principle. This statement requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle should be recognized in the period of the accounting change. This statement also requires that a change in depreciation or amortization method for long-lived, non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. This standard is effective for the Company on January 1, 2006. The Company anticipates that SFAS 154 will not have a material effect on its consolidated financial statements.

16. Subsequent Events

In October 2005, the Bankruptcy Court approved a settlement agreement between the Company and a vendor. As a result of this settlement, the Company will recognize a gain of $7.7 million in the fourth quarter of 2005.

17. Consolidating Guarantor and Non-Guarantor Financial Information

The following consolidating financial information presents balance sheets, statements of operations and cash flow information related to the Company s business. Certain foreign subsidiaries of R.J. Tower Corporation, a 100% owned subsidiary of Tower Automotive, Inc., are subject to restrictions on their ability to pay dividends or otherwise distribute cash to R. J. Tower Corporation because they are subject to financing arrangements that restrict them from paying dividends. Each Guarantor, as defined, is a direct or indirect 100% owned subsidiary of the Company and has fully and unconditionally guaranteed the 9.25% senior unsecured Euro notes issued by R. J. Tower Corporation in 2000, the 12% senior unsecured notes issued by R. J. Tower Corporation in 2003 and the DIP financing entered into by R. J. Tower Corporation in February 2005. Tower Automotive, Inc. (the parent company) has also fully and unconditionally guaranteed the notes and the DIP financing and is reflected as the Parent Guarantor in the consolidating financial information. The Non-Guarantor Restricted Companies are the Company s foreign subsidiaries except for Seojin Industrial Company Limited, which is reflected as the Non-Guarantor Unrestricted Company in the consolidating financial information. As a result of the Chapter 11 filing by the Debtors, the above-mentioned notes are subject to compromise pursuant to the bankruptcy proceedings. Separate financial statements and other disclosures concerning the Guarantors have not been presented because management believes that such information is not material.

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TOWER AUTOMOTIVE, INC.
Consolidating Balance Sheets at September 30, 2005
(Amounts in thousands unaudited)

	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$ 1,713	$	$ (537)	$ 44,108	$ 233	$	$ 45,517
Accounts receivable	7,455		215,164	206,387	12,582		441,588
Inventories			70,594	53,002	15,516		139,112
Prepaid tooling and other	2,230		35,440	84,842	26,963		149,475
Total current assets	11,398		320,661	388,339	55,294		775,692
Property, plant and equipment, net	684		551,498	302,717	192,953		1,047,852
Investments in and advances to (from) affiliates	765,476	(49,817)	(668,156)	(183,171)	(3,141)	361,091	222,282
Goodwill				155,388			155,388
Other assets, net	17,937		49,785	28,318	23,820		119,860
	$ 795,495	$ (49,817)	$ 253,788	$ 691,591	$ 268,926	$ 361,091	$ 2,321,074
Liabilities and Stockholders Investment (Deficit)							
Current liabilities:							
Current maturities of long-term debt and capital lease obligations	$	$	$ 14,257	$ 16,256	$ 111,568	$	$ 142,081
Accounts payable	9,858		94,192	177,534	40,614		322,198
Accrued liabilities	45,352		111,006	82,988	7,992		247,338
Total current liabilities	55,210		219,455	276,778	160,174		711,617
	557,311	391,088	186,575				1,134,974

Liabilities subject to compromise							
Non-Current Liabilities Not Subject to Compromise:							
Long-term debt, net of current maturities			43,770	8,435	36,759		88,964
Debtor-in-possession borrowings, net of current maturities	553,764						553,764
Obligations under capital leases, net of current maturities				30,048			30,048
Other noncurrent liabilities	43,575		144,792	35,319	18,926		242,612
Total noncurrent liabilities	597,339		188,562	73,802	55,685		915,388
Stockholders investment (deficit)	(414,365)	(440,905)	(340,804)	341,011	53,067	361,091	(440,905)
	$ 795,495	$ (49,817)	$ 253,788	$ 691,591	$ 268,926	$ 361,091	$ 2,321,074

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TOWER AUTOMOTIVE, INC.
Consolidating Statement of Operations for the Three Months Ended September 30, 2005
(Amounts in thousands unaudited)

	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 418,484	$ 226,204	$ 67,976	$	$ 712,664
Cost of sales	(1,731)		414,663	200,092	75,578		688,602
Gross profit	1,731		3,821	26,112	(7,602)		24,062
Selling, general and administrative expenses	(9,274)		31,694	10,989	2,791		36,200
Restructuring and asset impairment charge	(2,787)		40,240	240			37,693
Operating income (loss)	13,792		(68,113)	14,883	(10,393)		(49,831)
Interest expense (income), net	16,802		1,803	960	1,945		21,510
Chapter 11 and related reorganization items	6,615						6,615
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(9,625)		(69,916)	13,923	(12,338)		(77,956)
Provision (benefit) for income taxes			129	4,505	(3,112)		1,522

Income (loss) before equity in earnings of joint ventures and minority interest	(9,625)		(70,045)	9,418	(9,226)		(79,478)
Equity earnings in joint ventures and subsidiaries, net	(66,931)	(76,556)				147,803	4,316
Minority interest, net				(1,394)			(1,394)
Net income (loss)	$ (76,556)	$ (76,556)	$ (70,045)	$ 8,024	$ (9,226)	$ 147,803	$ (76,556)

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TOWER AUTOMOTIVE, INC.
Consolidating Statement of Operations for the Nine Months Ended September 30, 2005
(Amounts in thousands unaudited)

	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 1,553,622	$ 728,527	$ 269,409	$	$ 2,551,558
Cost of sales	(5,072)		1,484,297	638,665	265,426		2,383,316
Gross profit	5,072		69,325	89,862	3,983		168,242
Selling, general and administrative expenses	(21,176)		97,656	33,457	8,891		118,828
Restructuring and asset impairment charge	(2,284)		109,170	1,991			108,877
Operating income (loss)	28,532		(137,501)	54,414	(4,908)		(59,463)
Interest expense (income), net	69,720	2,221	6,590	3,445	5,547		87,523
Chapter 11 and related reorganization items	151,524						151,524
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(192,712)	(2,221)	(144,091)	50,969	(10,455)		(298,510)
Provision (benefit) for income taxes			1,887	17,283	(1,826)		17,344

Income (loss) before equity in earnings of joint ventures and minority interest	(192,712)	(2,221)	(145,978)	33,686	(8,629)		(315,854)
Equity earnings in joint ventures and subsidiaries, net	(114,071)	(306,783)				431,655	10,801
Minority interest, net				(3,951)			(3,951)
Net income (loss)	$ (306,783)	$ (309,004)	$ (145,978)	$ 29,735	$ (8,629)	$ 431,655	$ (309,004)

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TOWER AUTOMOTIVE, INC.
Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2005
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	$ (306,783)	$ (309,004)	$ (145,978)	$ 29,735	$ (8,629)	$ 431,655	$ (309,004)
Adjustments required to reconcile net income to net cash provided by (used in) operating activities							
Chapter 11 and related reorganization expenses, net	133,171						133,171
Non-cash restructuring charge			101,632				101,632
Depreciation	249		81,274	32,936	21,329		135,788
Deferred income tax provision (benefit)			(1,006)	12,874	995		12,863
Equity in earnings of joint ventures, net	(10,801)						(10,801)
Changes in working capital and other operating items	254,199	2,445	4,169	(17,787)	(821)	(431,655)	(189,450)
Net cash provided by (used in) operating activities	70,035	(306,559)	40,091	57,758	12,874		(125,801)
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment			(34,741)	(44,428)	(25,371)		(104,540)
Other, net	(306,559)	306,559					
Net cash provided by (used in)	(306,559)	306,559	(34,741)	(44,428)	(25,371)		(104,540)

investing activities							
FINANCING ACTIVITIES:							
Proceeds from pre-petition borrowings				13,919	22,783		36,702
Repayments of pre-petition borrowings	(425,000)		(5,370)	(25,089)	(10,124)		(465,583)
Proceeds from DIP credit facility	1,054,285						1,054,285
Repayments of DIP credit facility borrowings	(498,647)						(498,647)
Net cash provided by (used for) financing activities	130,638		(5,370)	(11,170)	12,659		126,757
NET CHANGE IN CASH AND CASH EQUIVALENTS	(105,886)		(20)	2,160	162		(103,584)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	107,599		(517)	41,948	71		149,101
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,713	$	$ (537)	$ 44,108	$ 233	$	$ 45,517

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TOWER AUTOMOTIVE, INC.
Consolidating Balance Sheets at December 31, 2004
(Amounts in thousands)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$ 107,599	$	$ (517)	$ 41,948	$ 71	$	$ 149,101
Accounts receivable	47,373		70,636	188,352	39,670		346,031
Inventories	(372)		75,469	72,050	11,887		159,034
Prepaid tooling and other	4,427		54,618	53,947	11,946		124,938
Total current assets	159,027		200,206	356,297	63,574		779,104
Property, plant and equipment, net	601		690,646	319,785	194,608		1,205,640
Investments in joint ventures	227,740						227,740
Investments in and advances to (from) affiliates	526,173	255,049	(453,177)	(216,603)	4,278	(115,720)	
Goodwill				174,563			174,563
Other assets, net	37,307	5,410	90,194	28,616	12,200		173,727
	$ 950,848	$ 260,459	$ 527,869	$ 662,658	$ 274,660	$ (115,720)	$ 2,560,774
Liabilities and Stockholders Investment (Deficit)							
Current liabilities:							
Current maturities of long-term debt and capital lease obligations	$ 3,750	$	$ 6,271	$ 24,460	$ 98,675	$	$ 133,156
Accounts payable	29,052		366,329	184,876	57,861		638,118
Accrued liabilities	70,421	918	143,643	57,941	13,339		286,262

Total current liabilities	103,223	918	516,243	267,277	169,875		1,057,536
Non-Current Liabilities:							
Long-term debt, net of current maturities	874,358	258,750	57,126	11,855	37,473		1,239,562
Convertible senior debenture		121,723					121,723
Obligations under capital leases, net of current maturities				36,472	351		36,823
Other noncurrent liabilities	40,001		149,776	30,956	5,329		226,062
Total noncurrent liabilities	914,359	380,473	206,902	79,283	43,153		1,624,170
Stockholders investment (deficit)	(66,734)	(120,932)	(195,276)	316,098	61,632	(115,720)	(120,932)
	$ 950,848	$ 260,459	$ 527,869	$ 662,658	$ 274,660	$ (115,720)	$ 2,560,774

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TOWER AUTOMOTIVE, INC.
Consolidating Statement of Operations for the Three Months Ended September 30, 2004
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 454,613	$ 193,155	$ 74,566	$	$ 722,334
Cost of sales	(1,536)		447,552	173,162	70,772		689,950
Gross profit	1,536		7,061	19,993	3,794		32,384
Selling, general and administrative expenses	(8,534)		29,622	9,993	2,422		33,503
Restructuring and asset impairment charge	759		1,261				2,020
Operating income (loss)	9,311		(23,822)	10,000	1,372		(3,139)
Interest expense (income), net	24,513	6,849	1,824	973	1,902		36,061
Unrealized gain on derivative		(5,710)					(5,710)
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(15,202)	(1,139)	(25,646)	9,027	(530)		(33,490)
Provision (benefit) for income taxes	(5,168)	(1,700)	(8,721)	3,069	(180)		(12,700)
	(10,034)	561	(16,925)	5,958	(350)		(20,790)

Income (loss) before equity in earnings of joint ventures and minority interest							
Equity earnings in joint ventures and subsidiaries, net	(10,745)	(20,779)				33,648	2,124
Minority interest, net				(1,552)			(1,552)
Net income (loss)	$ (20,779)	$ (20,218)	$ (16,925)	$ 4,406	$ (350)	$ 33,648	$ (20,218)

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TOWER AUTOMOTIVE, INC.
Consolidating Statement of Operations for the Nine Months Ended September 30, 2004
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 1,487,340	$ 587,153	$ 212,290	$	$ 2,286,783
Cost of sales	(5,784)		1,414,990	517,927	197,907		2,125,040
Gross profit	5,784		72,350	69,226	14,383		161,743
Selling, general and administrative expenses	(24,294)		90,421	29,267	7,404		102,798
Restructuring and asset impairment charge	1,203		(4,486)				(3,283)
Operating income (loss)	28,875		(13,585)	39,959	6,979		62,228
Interest expense (income), net	72,402	23,501	(82)	3,871	5,717		105,409
Unrealized gain on derivative		(3,860)					(3,860)
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(43,527)	(19,641)	(13,503)	36,088	1,262		(39,321)
Provision (benefit) for income taxes	(14,534)	(7,991)	(4,591)	12,269	429		(14,418)
	(28,993)	(11,650)	(8,912)	23,819	833		(24,903)

Income (loss) before equity in earnings of joint ventures and minority interest							
Equity earnings in joint ventures and subsidiaries, net	20,054	793				(11,754)	9,093
Minority interest, net				(4,779)			(4,779)
Gain on sale of joint venture investment, net	9,732						9,732
Net income (loss)	$ 793	$ (10,857)	$ (8,912)	$ 19,040	$ 833	$ (11,754)	$ (10,857)

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TOWER AUTOMOTIVE, INC.
Consolidating Statements of Cash Flows for the Nine Months Ended September 30, 2004 (as corrected)
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	$ 2,106	$ (10,857)	$ (8,912)	$ 19,040	$ 833	$ (13,067)	$ (10,857)
Adjustments required to reconcile net income to net cash provided by (used in) operating activities							
Non-cash restructuring and asset impairment reversal			(6,276)				(6,276)
Depreciation	217		70,852	30,484	12,801		114,354
Deferred income tax provision (benefit)	(21,698)		(242)	(3,909)	650		(25,199)
Gain on sale of joint venture investment	(9,732)						(9,732)
Equity in earnings of joint ventures, net	(9,093)						(9,093)
Changes in working capital and other operating items	18,532	(23,146)	(64,499)	(2,433)	16,321	13,067	(42,158)
Net cash provided by (used in) operating activities	(19,668)	(34,003)	(9,077)	43,182	30,605		11,039
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment	(581)		(107,324)	(23,648)	(16,027)		(147,580)
Divestitures and other	(57,147)	108,847					51,700
Acquisitions					(21,299)		(21,299)

Net cash provided by (used in) investing activities	(57,728)	108,847	(107,324)	(23,648)	(37,326)		(117,179)
FINANCING ACTIVITIES:							
Proceeds from borrowings	421,509	125,000	1	5,657	27,870		580,037
Repayment of debt	(240,458)	(199,984)	(1,784)	(24,650)	(23,015)		(489,891)
Net proceeds from issuance of stock	(65)	140					75
Net cash provided by (used for) financing activities	180,986	(74,844)	(1,783)	(18,993)	4,855		90,221
NET CHANGE IN CASH AND CASH EQUIVALENTS	103,590		(118,184)	541	(1,866)		(15,919)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD			118,352	40,419	2,128		160,899
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 103,590	$	$ 168	$ 40,960	$ 262	$	$ 144,980

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Going Concern

Effective February 2, 2005, Tower Automotive, Inc. and 25 of its U.S. subsidiaries (collectively, the Debtors) are operating pursuant to Chapter 11 under the Bankruptcy Code and continuation of the Company as a going concern is contingent upon, among other things, the Debtors ability: (i) to comply with the terms and conditions of the DIP financing agreement described in Note 4 to the Condensed Consolidated Financial Statements; (ii) to obtain confirmation of a plan of reorganization under the Bankruptcy Code; (iii) to undertake certain restructuring actions relative to the Company s operations in North America; (iv) to reduce unsustainable debt and simplify the Company s complex and restrictive capital structure through the bankruptcy process; (v) to return to profitability; (vi) to generate sufficient cash flow from operations to fund working capital and debt service requirements; and (vii) to obtain financing sources to meet the Company s future obligations. These matters create uncertainty regarding the Company s ability to continue as a going concern. See Notes 1, 2 and 4 to the accompanying Condensed Consolidated Financial Statements for additional information.

Overview

The Company produces a broad range of assemblies and modules for vehicle frames, upper body structures and suspension systems for the global automotive industry. Including 100% owned subsidiaries and investments in joint ventures, the Company has production and/or engineering facilities in the United States, Canada, Mexico, Germany, Belgium, Italy, Slovakia, Poland, France, Spain, Brazil, India, South Korea, Japan and China.

The Company s products are manufactured utilizing steel and various purchased steel assemblies. A byproduct of the production process is scrap steel, which is sold. The price of steel increased significantly in 2004 compared to historical periods due to a shortage of certain raw materials necessary to produce steel and increased global demand, primarily in China. The Company purchases a substantial portion of its steel from its customers through certain customers repurchase programs. The purchases through customers repurchase programs have somewhat mitigated the severity of price increases associated with the procurement of steel. In addition, scrap steel prices increased in 2004, which somewhat mitigated the increase in steel prices. The remainder of the Company s steel purchasing requirements is met through contracts with steel producers and market purchases. Prices associated with such purchases increased rapidly in 2004. The Company s agreements with its customers generally do not permit the Company to increase selling prices for increases in prices of raw material inputs.

During 2005, steel prices have declined relative to 2004 levels, but still remain high relative to historical levels. However, the price for scrap steel has declined more significantly than steel. The adverse impact of higher steel prices and lower recovery for scrap steel are expected to continue in 2005. Higher steel prices during the three and nine months ended September 30, 2005, reduced gross margin by $14.3 million and $45.7 million, respectively, as compared to the comparable periods in 2004. In addition, lower recovery from sales of scrap steel reduced gross margin by $4.0 million and $17.8 million during the three and nine months ended September 30, 2005, respectively. The Company is pursuing several initiatives to mitigate the impact of such raw material price increases on its results of operations. Such initiatives include moving more steel purchases to customer repurchase programs, pursuing selling price increases from customers and reducing other operating costs, among other initiatives. The Company can provide no assurances that such initiatives will be successful. However, during the three and nine months ended September 30, 2005, the Company realized approximately $11.3 million and $38.6 million, respectively, in steel price recoveries from certain customers.

The Company s gross margins have been declining since 1999. High raw material and labor costs, including health care, have had a negative impact on results of operations and are expected to do so for the

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foreseeable future. Generally, the Company s customers require the reduction of selling prices of the Company s products for each year during the respective lives of such product programs, generally five to seven years. The Company s ability to improve its profit margins is directly linked to its ability to more than offset these price reductions with reduced operating costs.

To address the deterioration in operating performance, management has initiated plans to: (a) centralize and standardize processes which were previously performed on a decentralized basis, including purchasing, customer quoting and product costing, product engineering and accounting; (b) rationalize and reduce capital expenditures to more closely align capital spending with expected product returns; (c) use centralization and standardization to leverage cost improvement ideas across the Company s operating facilities globally; (d) pursue recoveries of significant steel price increases; and (e) a number of other cost reduction initiatives. If the Company is not successful in implementing these actions, the Company may continue to experience declining gross margins.

The number of new vehicle launches also impacts the Company s gross margins. The Company s operating costs are higher during a product launch period relative to when the vehicle has reached normal production volumes. In addition, the Company s gross margins are impacted by the commercial success of the vehicles to which the Company is a supplier, general global economic conditions and vehicle production volumes. During 2004, the Company was adversely impacted by a significant amount of new product launch activity. These launches, which were significant both in terms of number and relative size, reduced gross profit significantly during 2004. However, the Company s launch activities during 2005 have decreased to a significant degree due to a number of product programs in the launch stage during 2004 going into full production. Launch costs decreased during the three and nine months ended September 30, 2005, by approximately $15.6 million and $41.3 million, respectively, as compared to the comparable period in 2004.

On February 10, 2004, the Company announced that a decision had been finalized by DaimlerChrysler to move the current production of the frame assembly for the Dodge Ram light truck from the Company s Milwaukee, Wisconsin facility to the Company s 40% owned joint venture partner, Metalsa, located in Monterrey, Mexico. The Dodge Ram frame program produced in the Milwaukee facility was expected to run through 2009. In June 2005, production ceased on the Dodge Ram light truck frame at the Company s Milwaukee facility.

During the three and nine months ended September 30, 2005, the Company incurred $6.6 million and $151.5 million, respectively, in costs in relation to its Chapter 11 and related reorganization activities. The Company expects to incur substantial costs in association with these activities until it emerges from Chapter 11.

For a more detailed description of other factors that have had, or may in the future have, a significant impact on the Company s business, please refer to Forward Looking Statements , Market Risks and Opportunities contained in this Management s Discussion and Analysis for insight on opportunities, challenges and risks, such as those presented by known material trends and uncertainties, on which the Company s management is most focused for both the short term and long term as well as the actions management is taking to address these opportunities, challenges and risks.

Three Months Ended September 30, 2005 Compared to the Three Months Ended September 30, 2004

Revenues. Revenues declined by $9.7 million, or 1.3%, during the three months ended September 30, 2005 to $712.7 million from $722.3 million during the three months ended September 30, 2004. Lower volume and changes in product mix decreased revenues by $38.3 million during the 2005 period. This negative impact was partially offset by increases attributable to the effects of foreign exchange, pricing and steel price recoveries from certain customers of $11.8 million, $5.5 million and $11.3 million, respectively.

Gross Profit and Gross Margin. Gross margin for the quarter ended September 30, 2005 was 3.4% compared to 4.5 % for the comparable period of 2004. Gross profit decreased by $8.3 million, or 25.7%, to $24.1 million during the 2005 period compared to $32.4 million during the 2004 period. The decrease in gross profit resulted primarily from the negative impacts of volume, increases in steel prices, general economic conditions (i.e. general labor rate increases, higher energy costs, etc.) and operating inefficiencies of $10.0 million, $18.4 million, $4.3 million and $8.2 million, respectively. These negative impacts were partially offset by the positive impacts of product pricing, steel price recoveries from certain customers, performance cost reductions and a decline in launch costs of $5.5 million, $11.3 million, $0.2 million and $15.6 million, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $2.7 million, or 8.1%, to $36.2 million during the three months ended September 30, 2005 from $33.5 million for the corresponding period of 2004. Selling, general and administrative expenses represented 5.1% of revenues during the 2005 period in comparison to 4.6 % in the 2004 period. The increase resulted from foreign exchange impacts and general economic conditions of $0.8 million and $3.2 million, respectively. The impact of these increases was partially offset by performance cost reductions of $1.3 million.

Interest Expense, Net. Interest expense, net decreased by $14.6 million, or 40.4%, to $21.5 million during the 2005 period in comparison to $36.1 million in the 2004 period. The decline was attributable to) $18.5 million related to debt that has been classified as subject to compromise on which no interest is being accrued in the Company s financial statements effective February 2, 2005 and interest expense savings of $1.1 million in association with an interest rate swap contract. These declines were partially offset by: increased interest of $4.0 million related to the Company s DIP financing facilities and other increases of $1.0 million. In accordance with SOP 90-7, Reorganization Under the Bankruptcy Code, interest expense for the 2005 period has been recognized only to the extent that it will be paid during the Company s bankruptcy proceedings or that it is probable that it will be an allowed priority, secured or unsecured claim. Interest expense recognized by the Company is lower than the Company s stated contractual interest for the three months ended September 30, 2005 by $18.1 million.

Chapter 11 and Related Reorganization Items. During the three months ended September 30, 2005, Chapter 11 and related reorganization costs were $6.6 million. These costs primarily related to professional fees and lease rejection costs associated with to the Company s bankruptcy proceedings. See Note 2 to the Condensed Consolidated Financial Statements.

Unrealized Gain on Derivative. The Company recognized an unrealized gain on derivative of $5.7 million during the three months ended September 30, 2004. The embedded conversion option associated with the 5.75% Convertible Senior Debentures, issued in May 2004, was required to be bifurcated from the host debt contract. This bifurcated derivative was being marked to market during the period of May 24, 2004 through September 19, 2004. On September 20, 2004, the Company s stockholders approved the issuance of the Convertible Debentures and the associated shares of common stock, thereby eliminating the requirement for-mark-to-market adjustments. See Note 4 to the Condensed Consolidated Financial Statements.

Provision for Income Taxes. The Company recognized income tax expense of $1.5 million, despite a $78.0 million pre-tax loss, during the three months ended September 30, 2005 in comparison to an income tax benefit of $12.7 million on a pre-tax loss of $33.5 million for the corresponding period of 2004. The provision for income taxes for the 2005 period was primarily attributable to the recognition of foreign income taxes and state taxes. U.S. Federal income tax benefits have not been recognized in the 2005 period. The higher effective benefit rate for the 2004 period was primarily attributable to the Unrealized Gain on Derivative not being taxable (see Note 6 to the Condensed Consolidated Financial Statements).

Equity in Earnings of Joint Ventures, Net of Tax. Equity in earnings of joint ventures, net of tax increased by $2.2 million from $2.1 million during the three months ended September 30, 2004 to $4.3 million during the three months ended September 30, 2005. The increase resulted primarily from an increase in the Company s share of earnings from its joint venture interest in Metalsa.

Minority Interest, Net of Tax. Minority interest, net of tax, decreased by $0.2 million, or 10.2%, to $1.4 million during the three months ended September 30, 2005 from $1.6 million during the corresponding period of 2004. Lower earnings at the Company s consolidated joint venture, Tower Golden Ring in China, resulted in a $0.5 million decrease, which was partially offset by an increase of $0.3 million in relation to the Company s other consolidated joint ventures.

Net Loss. The Company recognized a net loss of $76.6 million ($1.31 per basic and diluted share) during the three months ended September 30, 2005 compared to a net loss of $20.2 million ($0.35 per basic and diluted share) during the three months ended September 30, 2004. The $56.3 million increase in the net loss for the 2005 period was primarily attributable to a $46.7 million increase in operating loss and the recognition of income tax expense during the 2005 period in comparison to the recognition of an income tax benefit during the 2004 period. The increase in operating loss was caused by the increases in selling, general and administrative expenses, restructuring and asset impairment charges, net and the incurrence of Chapter 11 and related reorganization items in the 2005 period, as well as the decline in gross profit mentioned above.

Nine Months Ended September 30, 2005 Compared to the Nine Months Ended September 30, 2004

Revenues. Revenues increased by $264.8 million, or 11.6%, during the nine months ended September 30, 2005 to $2.6 billion from $2.3 billion during the nine months ended September 30, 2004. Higher volumes including changes in product mix and favorable foreign exchange effects increased revenues by $148.6 million and $65.9 million, respectively, during the 2005 period. In addition, the effects of product pricing and steel price recoveries from certain customers increased revenues by $11.7 million and $38.6 million, respectively, for the 2005 period.

Gross Profit and Gross Margin. Gross margin for the nine months ended September 30, 2005 was 6.6% compared to 7.1% for the comparable period of 2004. Gross profit increased by $6.5 million, or 4.0 %, to $168.2 million during the 2005 period compared to $161.7 million during the 2004 period. The increase in gross profit resulted primarily from the positive impacts of volume, foreign exchange effects, product pricing, steel price increase recoveries from certain customers and declines in launch costs of $19.8 million, $5.1 million, $11.7 million, $38.6 million and $41.3 million, respectively. These positive impacts were partially offset by increases in steel prices, operating inefficiencies and general economic conditions (i.e. general labor rate increases, higher energy costs, etc.) of $63.5 million, $35.2million and $11.2 million, respectively. The decrease in gross margin was primarily attributable to changes in product mix.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $16.0 million, or 15.6%, to $118.8 million during the nine months ended September 30, 2005 from $102.8 million for the corresponding period of 2004. Selling, general and administrative expenses represented 4.7% of revenues during the 2005 period in comparison to 4.5% in the 2004 period. The increase resulted from foreign exchange impacts, general economic conditions and operating inefficiencies of $6.6 million, $7.9 million and $1.5 million, respectively.

Interest Expense, Net. Interest expense, net decreased by $17.9 million, or 17.0%, to $87.5 million during the 2005 period in comparison to $105.4 million in the 2004 period. The decline was attributable to: (i) $46.5 million related to debt that has been classified as subject to compromise for which no interest is being accrued in the Company s financial statements effective February 2, 2005; (ii) $6.3 million related to interest savings associated with the repayment of 5.0% convertible subordinated notes in May 2004; and (iii) interest savings of $2.5 million in association with an interest rate swap contract. These declines were partially offset by: (i) increased interest of $14.4 million related to the Company s DIP financing facilities; (ii) $5.4 million related to a decrease in capitalized interest during the 2005 period; (iii) an increase of $2.5 million in relation to interest expense associated with miscellaneous items; (iv) higher expenses of $14.5 million in relation to the amortization of deferred financing costs; and (v) $0.6 million in relation to interest expense associated with the Company s industrial revenue bonds. In accordance with SOP 90-7, Reorganization Under the Bankruptcy Code, interest expense during the Company s bankruptcy has been recognized only to the extent that it will be paid during the Company s bankruptcy proceedings or that it is probable that it will be an allowed priority, secured or unsecured claim. Interest expense recognized by the Company is lower than the Company s stated contractual interest for the nine months ended September 30, 2005 by $48.8 million.

Chapter 11 and Related Reorganization Items. During the nine months ended September 30, 2005, Chapter 11 and related reorganization costs were $151.5 million. These costs primarily related to professional fees and lease rejection costs related to the Company s bankruptcy proceedings. See Note 2 to the Condensed Consolidated Financial Statements.

Unrealized Loss on Derivative. The Company recognized an unrealized loss on derivative of $3.9 million in the nine months ended September 30, 2004. The embedded conversion option associated with the 5.75% Convertible Senior Debentures, issued in May 2004, was bifurcated from the host debt contract. This bifurcated derivative was being marked to market during the period of May 24, 2004 through September 19, 2004. On September 20, 2004, the Company s stockholders approved the issuance of the required additional number of shares of common stock associated with the conversion feature of the 5.75% Convertible Senior Debentures.

Provision for Income Taxes. The Company recognized income tax expense of $17.3 million, despite a $298.5 million pre-tax loss during the nine months ended September 30, 2005 in comparison to an income tax benefit of $14.4 million on a pre-tax loss of $39.3 million for the corresponding period of 2004. The provision for income taxes for the 2005 period was primarily attributable to the recognition of foreign income taxes and state taxes. U.S. Federal income tax benefits have not been recognized in the 2005 period. The higher effective benefit rate for the 2004 period was primarily attributable to the Unrealized Gain on Derivative not being taxable. See Note 6 to the Condensed Consolidated Financial Statements.

Equity in Earnings of Joint Ventures, Net of Tax. Equity in earnings of joint ventures, net of tax, increased by $1.7 million, or 18.8%, from $9.1 million during the nine months ended September 30, 2004 to $10.8 million during the nine months ended September 30, 2005. The increase primarily resulted from increased earnings of Metalsa, which increased the Company s equity earnings from this investment. This increase was partially offset by the elimination of earnings from the Company s ownership interest in Yorozu Corporation, which was sold in March 2004.

Minority Interest, Net of Tax. Minority interest, net of tax, decreased by $0.8 million, or 17.3%, to $4.0 million during the nine months ended September 30, 2005 from $4.8 million during the corresponding period of 2004. The decrease resulted from lower earnings at the Company s joint venture in China, Tower Golden Ring, of $1.9 million. The effect of this decrease was partially offset by a a $1.1 million increase in earnings in the Company s other subsidiaries in which a minority interest is held.

Gain on Sale of Joint Venture, Net of Tax. The gain on sale of joint venture of $9.7 million for the nine months ended September 30, 2004 represents the Company s sale of its 30.76% ownership interest in Yorozu in March 2004. See Note 9 to the Condensed Consolidated Financial Statements.

Net Loss. The Company incurred a net loss of $309.0 million ($5.27 per basic and diluted share) during the nine months ended September 30, 2005 compared to a net loss of $10.9 million ($0.19 per basic and diluted share) for the nine months ended September 30, 2004. The net loss for the 2005 period primarily resulted from Chapter 11 and reorganization items, the recognition of an operating loss of $59.5 million in the 2005 period compared to the recognition of operating income of $62.2 million during the corresponding period

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of 2004 and the recognition of income tax expense despite a pre-tax loss in the 2005 period in comparison to the recognition of an income tax benefit during the 2004 period. Increases in restructuring and asset impairment charges, net and selling, general and administrative expenses caused the operating loss for the 2005 period.

Restructuring and Asset Impairment

The Company has executed various restructuring plans and may execute additional plans in the future to respond to its bankruptcy proceedings, customer sourcing decisions, realignment of manufacturing capacity to prevailing global automotive production and to improve the utilization of remaining facilities. Estimates of restructuring charges are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established reserves.

During the three and nine months ended September 30, 2005, the Company recognized restructuring and asset impairment charges, net of $37.7 million and $108.9 million, respectively. During the nine months ended September 30, 2004, the Company recognized a reversal of a pension curtailment loss in the amount of $6.3 million.

On April 15, 2005, the Company committed to a plan to close its Belcamp, MD, Bowling Green, KY and Corydon, IN facilities. The facility closures were completed in June 2005. In addition, as a result of the closing of the Corydon, IN facility, the Company reduced the number of employees at its Granite City, IL facility. These operational restructuring initiatives were designed to reduce excess capacity and associated costs and improve overall efficiency. Total estimated costs associated with these actions amount to approximately $63.4 million. Cash expenditures related to these actions are estimated at $4.5 million (see Note 12 to the Condensed Consolidated Financial Statements).

On October 5, 2005, the Company notified employees at its Milwaukee, WI facility that production of the Ford Ranger Truck frame would be moved to its Bellevue, OH facility. Production in Milwaukee will end in March 2006. Total estimated costs associated with this action amounts to approximately $6 million. Cash expenditures related to these actions are estimated at $5 million (see Note 12 to the Condensed Consolidated Financial Statements).

On October 13, 2005, the Company notified employees, at its Granite City, IL and Milan, TN operations, of the Company s intention to transfer existing production to other facilities in North America and close these two manufacturing facilities. These facility closures are expected to be completed by December 2006. Total estimated costs associated with these actions amount to approximately $65 million. Cash expenditures related to these actions are estimated at $14 million (see Note 12 to the Condensed Consolidated Financial Statements).

The Company recognized other restructuring charges contained in the North America operating segment relating primarily in the Milwaukee facility, including certain pension and postretirement curtailment charges, during the three and nine months ended September 30, 2005. The Company recognized approximately $15.5 million of net costs as a results of these actions.

Liquidity and Capital Resources

During the first nine months of 2005, the Company s cash requirements were met through operations and a $725 million commitment of debtor-in-possession financing (DIP Financing). At September 30, 2005, the Company had available liquidity in the amount of $215.5 million, which consisted of $45.5 million of cash on hand and $170.0 million available for borrowing under the DIP Financing.

Net cash used in operating activities was $125.8 million during the nine months ended September 30, 2005 compared to net cash provided by operating activities of $11.0 million during the nine months ended September 30, 2004. The net cash utilized in the 2005 period resulted primarily from an increase in accounts receivable of $95.6 million and a decrease in accounts payable of $315.9 million. These utilization amounts were partially offset by net provisions of cash from other operating accounts of $285.7 million.

Net cash utilized in investing activities was $104.5 million during the first nine months of 2005 compared to net cash utilized of $117.2 million in the corresponding period of 2004. The utilization for the 2005 period resulted entirely from cash disbursed for purchases of property, plant and equipment.

Net cash provided by financing activities was $126.8 million during the nine months ended September 30, 2005 compared to net cash provided of $90.2 million during the comparable period of 2004. During the first nine months of 2005, borrowings related to the DIP financing facility more than offset repayments by $555.6 million. The effect of this provision of cash was partially offset by $428.9 million in repayments of the Company s non-DIP debt exceeding borrowings associated with that debt.

At September 30, 2005, the Company s balance sheet reflected working capital of $64.1 million. However, the Company classified approximately $210.9 million of contractual current liabilities as liabilities subject to compromise.

The Company s business has significant liquidity requirements due to its product launch activities and its capital-intensive nature. The Company encountered a series of developments in late 2004 and early 2005, in addition to the termination of accelerated payment programs with key customers, that resulted in a material reduction in the Company s liquidity position in early 2005.

Production volumes of the Company s largest customers have declined during 2005. In North America, Ford and General Motors production volumes declined due, in part, to a loss in market share to the New Domestics (Nissan, Toyota and Honda). Ford and General Motors represented approximately 48% of the Company s revenue in 2004. Accordingly, this decline in production has significantly impacted the Company s liquidity and results of operations.

Raw material costs have also negatively impacted the Company s liquidity position and results of operations. The majority of the Company s product offerings are produced from steel. A byproduct of the production process is scrap steel, which is sold. Steel prices and scrap steel prices increased significantly during 2004. During 2005, steel prices have declined relative to 2004 levels, but still remain high relative to historical levels. However, the price for scrap steel has declined more significantly than steel. The adverse impact of higher steel prices and lower recovery for scrap steel are expected to continue in 2005.

In addition, certain foreign subsidiaries of the Company are subject to restrictions on their ability to dividend or otherwise distribute cash to the Company because they are subject to financing arrangements that restrict them from paying dividends.

Due to the above-mentioned factors, the Company s liquidity position deteriorated in early 2005, which required the Company to seek Chapter 11 protection to restructure its operations and financial position. The objective of the bankruptcy filing is to provide relief from the Company s burdensome pre-petition debt service and other obligations and allow the Company to make the necessary investments in the near term to grow and sustain its business.

The Company has established a plan that encompasses: (i) a balance sheet restructuring in conjunction with the bankruptcy filing that is intended to allow the Company to eliminate much of its unsustainable debt load and simplify its complex and restrictive capital structure; (ii) rationalizing the Company s facilities; (iii) increasing productivity, efficiency and quality at the plant level while optimizing capacity utilization across the Company s entire network to reduce costs and improve operating results by managing plants as cost centers instead of profit centers; (iv) leveraging scale by centralizing material services, capital and manufacturing sourcing that is designed to maximize overall purchasing power with the objective of reducing costs; (v) rationalizing the Company s manufacturing operations by utilizing a common approach toward processes across all of the Company s manufacturing facilities; and (vi) focusing on profitability rather than revenue growth and market share, with the objective that future platform launches will be in a better position to achieve improved margins.

The Company s new product launch activities and capital expenditures are expected to decline during 2005 as compared to 2004 levels. Capital expenditures for 2005 are expected to be approximately $163 million. For the year ending December 31, 2005, management expects total new program launch costs to be approximately $6 million.

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Chapter 11 Impact

Under the terms of the Company s then-existing credit agreement, the Chapter 11 filing created an event of default. Upon the Chapter 11 filing, the lenders obligation to loan additional money to the Company terminated, the outstanding principal of all obligations became immediately due and payable and the Debtors were required to immediately deposit funds into a collateral account to cover the outstanding amounts under the letters of credit issued pursuant to the credit agreement. Outstanding obligations under the credit agreement amounted to $425 million, which was refinanced through the DIP financing described below.

In addition, the Chapter 11 filing created an event of default under the Convertible Debentures, Senior Notes, Senior Euro Notes, and the amount due to the Tower Automotive Capital Trust. As a result, such indebtedness became immediately due and payable.

The ability of the creditors of the Debtors to seek remedies to enforce their rights under the credit facilities described above is stayed as a result of the Chapter 11 filing, and the creditors rights of enforcement are subject to the applicable provisions of the Bankruptcy Code.

The debt of the Company s foreign subsidiaries is not subject to compromise in the bankruptcy proceedings as the Company s operating foreign subsidiaries are not included in the Chapter 11 filing.

DIP Financing

In conjunction with its Chapter 11 filing, the Debtors entered into a DIP Financing Agreement in February 2005. The DIP Agreement provides for $725 million of debtor-in-possession financing, comprised of a revolving credit and letter of credit facility in an aggregate principal amount not to exceed $300 million and a term loan in the aggregate principal amount of $425 million. The proceeds of the term loan have been used to payoff the Company s outstanding balance of $425 million associated with its pre-petition credit agreement. The Company believes that the existing DIP Agreement along with cash generated from operations are adequate to provide for its future liquidity needs through the Debtors Chapter 11 bankruptcy.

Advances under the DIP Agreement bear interest at a fixed rate per annum equal to (x) the greatest (as of the date the advance is made) of the prime rate, the Base CD Rate (as defined in the DIP Agreement) plus 1%, or the Federal Funds Effective Rate (as defined in the DIP Agreement) plus 0.5%, plus (y) 1.75%, in the case of a loan under the revolving facility, or 2.25% in the case of the term loan. Alternatively, the Debtors may request that advances be made at a variable rate equal to (x) the Adjusted LIBO Rate (as defined in the DIP Agreement), for a one-month, three-month, six-month, or nine-month period, at the election of Debtors, plus (y) 2.75%, in the case of a loan under the revolving facility, or 3.25% in the case of the term loan. In addition, the DIP Agreement obligates the Debtors to pay certain fees to the lenders as described in the DIP Agreement.

The DIP Agreement contains various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including (without limitation) reporting requirements and maintenance of financial covenants.

The Debtors obligations under the DIP Agreement may be accelerated following certain events of default, including (without limitation) any breach by the Debtors of any of the representations, warranties, or covenants made in the DIP Agreement or the conversion of any of the bankruptcy cases to a case under Chapter 7 of the Bankruptcy Code or the appointment of a trustee pursuant to Chapter 7 of the Bankruptcy Code.

The DIP Agreement matures on February 2, 2007; however, the Debtors are obligated to repay all borrowings made pursuant to the DIP Agreement upon substantial consummation of a plan of reorganization of the Debtors that is confirmed pursuant to an order of the Bankruptcy Court.

Back-Stop Agreement

The Debtors have entered into a Back-Stop Agreement with a finance company (Finance Company), Under the Back-Stop Agreement, the Finance Company agreed to take by assignment any second lien holder s rights and obligations as a second lien holder in association with second lien letters of credit under the Credit Agreements in an aggregate amount not to exceed $155 million.

Draws were made against the second lien letters of credit of $15.8 million as of September 30, 2005. In October 2005, additional draws of $25.2 million were made against the second lien letters of credit.

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Stock Options

The Company is accounting for stock options granted to employees in accordance with APB 25, Accounting for Stock Issued to Employees until January 1, 2006, when SFAS 123 (R), Share Based Payment becomes effective. See Notes 7 and 15 to the Condensed Consolidated Financial Statements.

On September 20, 2005, the Company fully vested all of the unvested portion of its outstanding stock options. The Company accelerated the vesting of these options because it is the Company s opinion that expensing the remaining unvested portion of the options in accordance with SFAS 123(R) does not represent the economic cost to the Company given the Company s Chapter 11 status. The Company has recognized no expense in relation to these options on its Statements of Operations in accordance with APB 25.

Market Risk

The Company is exposed to various market risks, including changes in foreign currency exchange rates, interest rates, steel prices and scrap steel prices. Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates, steel prices and scrap steel prices. The Company s policy is to not enter into derivatives or other financial instruments for trading or speculative purposes. The Company periodically enters into derivative instruments to manage and reduce the impact of changes in interest rates.

At September 30, 2005, the Company had total debt not subject to compromise in the bankruptcy proceedings of $815 million. The debt is composed of fixed rate debt of $126 million and floating rate debt of $689 million. The pre-tax earnings and cash flow impact for the next year resulting from a one percentage point increase in interest rates on variable rate debt not subject to compromise would be approximately $7 million, holding other variables constant. A one-percentage point increase in interest rates would not materially impact the fair value of the fixed rate debt not subject to compromise.

A portion of the Company s revenues are derived from manufacturing operations in Europe, Asia and South America. The results of operations and financial position of the Company s foreign operations are principally measured in their respective currency and translated into U.S. dollars. The effects of foreign currency fluctuations in Europe, Asia and South America are somewhat mitigated by the fact that expenses are generally incurred in the same currency in which revenues are generated. The reported income of these subsidiaries will be higher or lower depending on a weakening or strengthening of the U.S. dollar against the respective foreign currency.

A portion of the Company s assets are based in its foreign operations and are translated into U.S. dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders investment (deficit). Accordingly, the Company s consolidated stockholders investment (deficit) will fluctuate depending upon the weakening or strengthening of the U.S. dollar against the respective foreign currency.

The Company s strategy for management of currency risk relies primarily upon conducting its operations in a country s respective currency and may, from time to time, also involve hedging programs intended to reduce the Company s exposure to currency fluctuations. Management believes the effect of a 100 basis point movement in foreign currency rates versus the dollar would not materially affect the Company s financial position, results of operations or cash flows for the periods presented.

Opportunities

The Company s operations are geographically diverse including a significant presence in Europe and Asia. The Company has a strategic customer portfolio strategy to leverage relationships with key customers across geographic boundaries to diversify its customer base and increase penetration with existing key customers, including the New Domestics (Nissan, Toyota and Honda). Since 2000, the proportion of revenue from the Detroit 3 (Ford, DaimlerChrysler and General Motors) has declined from approximately 68% of revenue to 62% of revenue. The Company expects this trend to continue as a result of its anticipated organic growth outside the U.S. and recent awards to supply the New Domestics in the U.S.

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Disclosure Regarding Forward-Looking Statements

All statements, other than statements of historical fact, included in this Form 10-Q or incorporated by reference herein, are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). When used in this Form 10-Q, the words anticipate, believe, estimate, expect, intends , project , plan and similar expressio relate to the Company, are intended to identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company s management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including factors which are outside the control of the Company, such as risks relating to: (i) confirmation of a plan of reorganization under the Bankruptcy Code, which would allow the Company to reduce unsustainable debt and other liabilities and simplify the Company s complex and restrictive capital structure; (ii) the Company s reliance on major customers and selected vehicle platforms; (iii) the cyclicality and seasonality of the automotive market; (iv) the failure to realize the benefits of acquisitions and joint ventures; (v) the Company s ability to obtain new business on new and redesigned models; (vi) the Company s ability to achieve the anticipated volume of production from new and planned supply programs; (vii) the general economic or business conditions affecting the automotive industry (which is dependent on consumer spending), either nationally or regionally, being less favorable than expected; (viii) the Company s failure to develop or successfully introduce new products; (ix) increased competition in the automotive components supply market; (x) unforeseen problems associated with international sales, including gains and losses from foreign currency exchange; (xi) implementation of or changes in the laws, regulations or policies governing the automotive industry that could negatively affect the automotive components supply industry; (xii) changes in general economic conditions in the United States, Europe and Asia; and (xiii) various other factors beyond the Company s control. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

See Market Risk section of Management s Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2.

Item 4. Controls and Procedures.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company s Chief Executive Officer (the CEO) and the Company s Chief Financial Officer (the CFO) have reviewed and evaluated the effectiveness of the Company s disclosure controls and procedures as defined in Rule 13a 15 (e) of the Securities Exchange Act of 1934, as amended (the Exchange Act) as of the end of the period covered by this report. Based upon this review and evaluation, the CEO and CFO have concluded that the Company s disclosure controls and procedures were not effective as of September 30, 2005. This determination was based upon the identification of material weaknesses as of September 30, 2005, June 30, 2005 and December 31, 2004 in the Company s internal control over financial reporting, which the Company views as an integral part of its disclosure controls and procedures. The effect of previously reported weaknesses on the Company s disclosure controls and procedures and remedial actions taken and planned are described in Part II, Item 9A. Controls and Procedures of the Company s Form 10-K for the year ended December 31, 2004 and in Part I, Item 4. Controls and Procedures of the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005. In connection with the preparation of information included in this Quarterly Report on Form 10-Q, material weaknesses in the Company s internal controls were identified by management. As a result of these material weaknesses, material adjustments were necessary to present the financial statements for the quarter ended September 30, 2005 in accordance with generally accepted accounting principles in the United States. These material weaknesses are separate and unrelated to the material weaknesses in internal controls disclosed in Part II, Item 9A. Controls and Procedures of the Company s Annual Report on Form 10-K for the year ended December 31, 2004 and in Part I, Item 4. Controls and Procedures of the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005. These new material weaknesses involved controls and procedures, which were not designed appropriately and not performed or not adequately performed at a North American manufacturing facility, a European manufacturing facility and at the Company s Corporate Headquarters.

(1) The material weakness at the North American manufacturing facility resulted from the following collective internal control deficiencies:

- Incorrect material receiving practices;
- Insufficient procedures to record and/or monitor the movement of inventory with external vendors;
- Insufficient procedures to update purchase orders and other necessary documents for changes in internal and external vendors;
- Turnover in key positions;
- Insufficient processes to match payments to specific vendor invoices;
- Insufficient oversight of purchase order maintenance and material movement; and
- Ineffective mitigating controls to compensate for other control deficiencies.

To address this material weakness, the Company is implementing enhancements to its internal control over financial reporting. These steps include:

- Enhanced oversight of locations with turnover in key positions;
- Enhanced procedures to ensure proper tracking and entry of material receipts/movements;
- Enhanced procedures to ensure necessary documents are updated for vendor changes;
- Additional training on systems and processes;
- Automation of the cash application process as part of systems improvements/upgrades;
- Reinforcement of existing policies requiring account reconciliations be performed monthly; and
- Increased monitoring activities.

If not remediated, this material weakness could result in material misstatements in the Company s annual and/or interim financial statements that might not be prevented or detected.

(2) The material weakness at the European manufacturing facility resulted from the following collective internal control deficiencies:

- Insufficient support for journal entries;
- Insufficient review of journal entries prior to posting;
- Insufficient review of account reconciliations; and

- Ineffective monitoring of certain accounts.

To address this material weakness, the Company is implementing enhancements to its internal control over financial reporting. These steps include:

- Reinforcement of existing policies regarding support and approval of journal entries prior to posting;
- Reinforcement of existing policies regarding reviews of account reconciliations; and
- Additional reviews of account reconciliations by regional finance personnel.

If not remediated, this material weakness could result in material misstatements in the Company s annual and/or interim financial statements that might not be prevented or detected.

(3) The material weakness at the Company s corporate headquarters resulted from an insufficient review of non-cash transactions to ensure that such transactions were appropriately presented in the statement of cash flows. To address this material weakness, the Company is implementing enhancements to its review procedures of the consolidated financial statements to ensure that non-cash transactions are appropriately presented in the statement of cash flows. If not remediated, this material weakness could result in material misstatements in the Company s annual and/or interim financial statements that might not be prevented or detected.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING. In addition to the development of the material weaknesses discussed above, during the quarter ended September 30, 2005, the Company implemented changes in internal controls over financial reporting to continue its centralization and standardization activities. Such changes included:

- Implementation of its standard Enterprise Resource Planning (ERP) software at its Korean operations. The Company has a centrally administered software implementation process to ensure: data integrity, appropriate testing of functionality, compliance with global security and access policies and appropriate changes to assure that business processes are documented and appropriate in the circumstances.
- Beginning the centralization of purchasing and accounts payable processing in its North American operations.
- Beginning the standardization of time and attendance systems in its North American operations through the utilization of a common time and attendance system.

No other changes occurred during the most recent fiscal quarter that had a material effect or are reasonably likely to have a material effect on internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings.

A description of the Company s proceedings under Chapter 11 of the United States Bankruptcy Code is described in Part II, Item 1 of the Company s Form 10-Q for the quarter ended March 31, 2005.

The Company requested an extension of the required due date for the filing of its plan of reorganization. On September 21, 2005, the Bankruptcy Court approved an extension of the due date from September 30, 2005 to January 27, 2006.

Item 6. Exhibits.

10.24 Fifth Amendment to Revolving Credit, Term Loan and Guaranty Agreement, Dated October 3, 2005.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

TOWER AUTOMOTIVE, INC.

Registrant

Date: January 6, 2006

/s/ Christopher T. Hatto

Christopher T. Hatto
Chief Accounting Officer

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Exhibit Index

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