SUPERIOR INDUSTRIES INTERNATIONAL INC
Form 10-Q
August 03, 2012
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 24, 2012

OR

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

For the transition period from _____ to _____

Commission file number: 1-6615

SUPERIOR INDUSTRIES INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

California (State or Other Jurisdiction of Incorporation or Organization)	95-2594729 (I.R.S. Employer Identification No.)
7800 Woodley Avenue Van Nuys, California (Address of Principal Executive Offices)	91406 (Zip Code)

Registrant's Telephone Number, Including Area Code: (818) 781-4973

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes þ No o

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

Large Accelerated Filer o Accelerated Filer þ Non-Accelerated Filer o Smaller Reporting Company o

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

Number of shares of no par value common stock outstanding as of July 20, 2012: 27,226,638

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

Superior Industries International, Inc.
Condensed Consolidated Income Statements
(Dollars in thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
NET SALES	$215,053	$208,734	$417,510	$398,268
Cost of sales	199,337	189,187	384,686	361,844
GROSS PROFIT	15,716	19,547	32,824	36,424
Selling, general and administrative expenses	7,490	6,354	14,375	13,046
Impairment of long-lived assets	—	340	—	340
INCOME FROM OPERATIONS	8,226	12,853	18,449	23,038
Interest income, net	216	358	516	649
Other income (expense), net	(4)	434	337	1,125
INCOME BEFORE INCOME TAXES	8,438	13,645	19,302	24,812
Income tax (provision) benefit	(2,024)	1,055	(6,155)	(2,058)
NET INCOME	$6,414	$14,700	$13,147	$22,754
INCOME PER SHARE - BASIC	$0.24	$0.54	$0.48	$0.84
INCOME PER SHARE - DILUTED	$0.23	$0.53	$0.48	$0.83
DIVIDENDS DECLARED PER SHARE	$0.16	$0.16	$0.32	$0.32

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

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Superior Industries International, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Dollars in thousands)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Net income	$6,414	$14,700	$13,147	$22,754
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	(3,441)	366	(1,104)	2,861
Defined benefit pension plan:				
Amortization of amounts resulting from changes in actuarial assumptions	65	—	131	—
Tax benefit	(26)	—	(52)	—
Pension changes, net of tax	39	—	79	—
Other comprehensive income (loss), net of tax	(3,402)	366	(1,025)	2,861
Comprehensive Income	$3,012	$15,066	$12,122	$25,615

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

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Superior Industries International, Inc.
Condensed Consolidated Balance Sheets
(Dollars in thousands)
(Unaudited)

	June 24, 2012	December 25, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$207,494	$187,795
Short term investments	4,791	5,126
Accounts receivable, net	128,529	119,895
Inventories	67,211	66,933
Income taxes receivable	3,669	4,950
Deferred income taxes, net	5,641	5,299
Assets held for sale	1,500	1,500
Other current assets	7,963	12,785
Total current assets	426,798	404,283
Property, plant and equipment, net	142,237	145,747
Investment in and advances to unconsolidated affiliate	4,639	4,725
Non-current deferred income taxes, net	11,633	16,795
Non-current assets	22,550	21,681
Total assets	$607,857	$593,231
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$38,984	$29,018
Accrued expenses	43,171	39,532
Total current liabilities	82,155	68,550
Non-current income tax liabilities	29,212	33,102
Other non-current liabilities	31,140	31,064
Commitments and contingencies (Note 15)	—	—
Shareholders' equity:		
Preferred stock, no par value		
Authorized - 1,000,000 shares		
Issued - none	—	—
Common stock, no par value		
Authorized - 100,000,000 shares		
Issued and outstanding - 27,224,138 shares		
(27,164,013 shares at December 25, 2011)	70,193	68,775
Accumulated other comprehensive loss	(66,625)	(65,600)
Retained earnings	461,782	457,340
Total shareholders' equity	465,350	460,515
Total liabilities and shareholders' equity	$607,857	$593,231

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

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Superior Industries International, Inc.
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011
NET CASH PROVIDED BY OPERATING ACTIVITIES	$34,564	$9,316
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(8,661)	(9,480)
Proceeds from life insurance policy	1,726	—
Proceeds from sales and maturities of investments	3,142	20,757
Purchase of investments	(2,808)	(3,973)
Collection of amounts receivable from sale of unconsolidated affiliate	—	2,867
Loan to unconsolidated affiliate	—	(450)
Premiums paid for life insurance	—	(217)
Other	240	74
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(6,361)	9,578
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(8,703)	(8,665)
Proceeds from exercise of stock options	417	4,341
Excess tax benefits from exercise of stock options	—	273
NET CASH USED IN FINANCING ACTIVITIES	(8,286)	(4,051)
Effect of exchange rate changes on cash	(218)	—
Net increase in cash and cash equivalents	19,699	14,843
Cash and cash equivalents at the beginning of the period	187,795	129,631
Cash and cash equivalents at the end of the period	$207,494	$144,474

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

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Superior Industries International, Inc.
Condensed Consolidated Statement of Shareholders' Equity
(Dollars in thousands, except per share data)
(Unaudited)

	Common Stock		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Amount			
Balance at December 25, 2011	27,164,013	$68,775	$(65,600)	$457,340	$460,515
Comprehensive income:					
Net income	—	—	—	13,147	13,147
Other comprehensive income (loss), net of tax	—	—	(1,025)	—	(1,025)
Stock options exercised	27,325	417	—	—	417
Issuance of restricted stock, net of forfeitures	32,800	—	—	—	—
Stock-based compensation expense	—	1,001	—	—	1,001
Cash dividends declared ($0.32 per share)	—	—	—	(8,705)	(8,705)
Balance at June 24, 2012	27,224,138	$70,193	$(66,625)	$461,782	$465,350

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

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Superior Industries International, Inc.
Notes to Condensed Consolidated Financial Statements
June 24, 2012
(Unaudited)

Note 1 – Nature of Operations

Headquartered in Van Nuys, California, the principal business of Superior Industries International, Inc. (referred to herein as the "company" or in the first person notation "we," "us" and "our") is the design and manufacture of aluminum road wheels for sale to original equipment manufacturers (OEM). We are one of the largest suppliers of cast aluminum wheels to the world's leading automobile and light truck manufacturers, with wheel manufacturing operations in the United States and Mexico. Customers in North America represent the principal market for our products. In addition, the majority of our net sales to international customers by our North American facilities are delivered primarily to such customers' assembly operations in North America.

Ford Motor Company (Ford), General Motors Company (GM), Chrysler Group LLC (Chrysler), Nissan Motor Company (Nissan) and Toyota Motor Corporation (Toyota) were our customers individually accounting for more than 10 percent of our consolidated wheel sales in the first two quarters of 2012 and together represented approximately 93 percent of our total wheel sales during the first two quarters of 2012 and 2011. We also manufacture aluminum wheels for BMW, Subaru, Mitsubishi and Volkswagen. The loss of all or a substantial portion of our sales to Ford, GM, Chrysler, Nissan or Toyota would have a significant adverse impact on our operating results and financial condition. This risk is partially mitigated by our long-term relationships with these OEM customers and our supply arrangements which are generally for multi-year periods.

The North American market for automobiles and light-duty trucks (including SUV's and crossover vehicles) has experienced rather pronounced cyclicality over recent years. Beginning with the third quarter of 2008, the automotive industry was negatively impacted by the continued dramatic shift away from full-size trucks and SUVs caused by continuing high fuel prices, rapidly rising commodity prices and the tightening of consumer credit due to the then deteriorating financial markets. Despite the improvement in the U.S. automotive industry since the latter part of 2009, vehicle production levels still remain below historical high points. There can be no guarantee that the improvements in recent years will be sustained or that reductions from current production levels will not occur in future periods. Vehicle demand is subject to many unpredictable factors such as changes in the general economy, gasoline prices, consumer credit availability and interest rates. Demand for aluminum wheels can be further affected by other factors, including pricing and performance comparisons to competitive materials such as steel. Finally, the demand for our products is influenced by shifts of market share between vehicle manufacturers and the specific market penetration of individual vehicle platforms being sold by our customers.

While we historically have had long-term relationships with our customers and our supply arrangements generally are for multi-year periods, maintaining such long-term arrangements on terms acceptable to us has become increasingly difficult. Despite recovery of the market for our products since the latter part of 2009, global competitive pricing pressures continue to affect our business negatively as our customers maintain and/or further develop alternative supplier options. Increasingly global procurement practices, the pace of new vehicle introduction and demand for price reductions may make it more difficult to maintain long-term supply arrangements with our customers, and there are no guarantees that we will be able to negotiate supply arrangements on terms acceptable to us in the future.

We are engaged in ongoing programs to reduce our own costs through improved operational and procurement practices in an attempt to mitigate the impact of these pricing pressures. However, these improvement programs may not be sufficient to offset the adverse impact of ongoing pricing pressures and potential reductions in customer demand in future periods. Additional factors such as inconsistent customer ordering patterns, increasing product

complexity and heightened quality standards also are making it increasingly more difficult to reduce our costs. It is also possible that as we incur costs to implement improvement strategies, the initial impact on our financial position, results of operations and cash flow may be negative.

The raw materials used in producing our products are readily available and are obtained through numerous suppliers with whom we have established trade relations.

Note 2 – Presentation of Condensed Consolidated Financial Statements

During interim periods, we follow the accounting policies set forth in our Annual Report on Form 10-K for the fiscal year ended December 25, 2011 and apply appropriate interim financial reporting standards for a fair statement of our operating results and financial position in conformity with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC) (referred to herein as U.S. GAAP), as indicated below. Users of financial information produced for interim periods in 2012 are encouraged to read this Quarterly

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Report on Form 10-Q in conjunction with our consolidated financial statements and notes thereto filed with the Securities and Exchange Commission (SEC) in our 2011 Annual Report on Form 10-K.

Interim financial reporting standards require us to make estimates that are based on assumptions regarding the outcome of future events and circumstances not known at that time, including the use of estimated effective tax rates. Inevitably, some assumptions will not materialize, unanticipated events or circumstances may occur which vary from those estimates and such variations may significantly affect our future results. Additionally, interim results may not be indicative of our results for future interim periods or our annual results.

We use a 4-4-5 convention for our fiscal quarters, which are thirteen week periods generally ending on the last Sunday of each calendar quarter. We refer to these thirteen week fiscal periods as “quarters” throughout this report. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the SEC’s requirements for Form 10-Q and contain all adjustments, of a normal and recurring nature, which are necessary for a fair statement of (i) the condensed consolidated income statements for the thirteen and twenty-six week periods ended June 24, 2012 and June 26, 2011, (ii) the condensed consolidated statements of comprehensive income for the thirteen and twenty-six week periods ended June 24, 2012 and June 26, 2011, (iii) the condensed consolidated balance sheets at June 24, 2012 and December 25, 2011, (iv) the condensed consolidated statements of cash flows for the twenty-six week periods ended June 24, 2012 and June 26, 2011, and (v) the condensed consolidated statement of shareholders’ equity for the twenty-six week period ended June 24, 2012. However, the accompanying unaudited condensed consolidated financial statements do not include all information and notes required by U.S. GAAP. The condensed consolidated balance sheet, included in this report, as of December 25, 2011 was derived from our 2011 audited financial statements, but does not include all disclosures required by U.S. GAAP.

New Accounting Pronouncement

In June 2011, the FASB modified the presentation of comprehensive income in the financial statements. The revised standard requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements and must be applied retrospectively. This standard eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. The revised standard does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The modification of the standard did not have an effect on our consolidated results of operations and financial position, when adopted, on December 26, 2011.

Note 3 – Investment in Unconsolidated Affiliate

On June 28, 2010, we executed a share subscription agreement (the Agreement) with Synergies Casting Limited (Synergies), a private aluminum wheel manufacturer based in Visakhapatnam, India, providing for our acquisition of a minority interest in Synergies. As of June 24, 2012, the total cash investment in Synergies amounted to $4.5 million, representing 12.6 percent of the outstanding equity shares of Synergies. Through September 22, 2011, the Agreement provided the company with rights to appoint a member to the Synergies board of directors and veto powers over significant financial policy and operating decisions, and as a result of these provisions, we were able to exert significant influence over Synergies and accounted for this investment under the equity method.

Effective September 23, 2011, the Agreement was amended for certain events and removed the company's rights to appoint a director and its veto powers over significant financial policy and operating decisions. As a result of the amendment, it was determined that the company no longer had the ability to exercise significant influence over Synergies' financial policies and operations, and that the equity method of accounting for our investment was no longer appropriate. Accordingly, effective with the amendment, the company began accounting for Synergies under

the cost method of accounting on a prospective basis. Our proportionate share of Synergies operating results was immaterial from our original investment through September 23, 2011. During 2011, a group of existing equity holders, including the company, made a loan of $1.5 million to Synergies for working capital needs. The company's share of this unsecured advance was $450,000, with terms including repayment over 24 months, and bearing interest at 7 percent per annum, payable quarterly. The principal balance as of June 24, 2012 was $346,000.

Note 4 – Impairment of Long-Lived Assets and Assets Held for Sale

The excess property, plant and equipment associated with a closed facility that is being actively marketed for sale is included in assets held for sale. During 2011, the estimated fair value of the assets associated with the remaining closed facility declined to $1.5 million which was less than the book value of $2.5 million, resulting in an additional asset impairment charge of $1.0 million in the fourth quarter of 2011. The fair value of these assets was determined based upon comparable sales information and with

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the assistance of independent third party appraisers and we have classified the inputs to the nonrecurring fair value measurement of these assets as being level 2 within the fair value hierarchy in accordance with U.S. GAAP. On July 9, 2012, we entered an agreement to sell the closed facility in Pittsburg, Kansas; however, we do not expect the transaction to have a material impact on our consolidated financial statements. During the second quarter of 2011, a specific impairment charge of $0.3 million related to our closed Johnson City, Tennessee facility was recorded because its fair value was determined to be less than its remaining book value based on current negotiations for the sale of the asset. During 2011, the company completed the sale of the closed Johnson City, Tennessee facility for $1.7 million, and the purchase price less commission and fees was collected in cash, consistent with the carrying value.

Note 5 – Stock-Based Compensation

Our 2008 Equity Incentive Plan authorizes us to issue up to 3.5 million shares of common stock as incentive and non-qualified stock options, stock appreciation rights, restricted stock and performance units to our officers, key employees, non-employee directors and consultants. No more than 100,000 shares may be used under the plan as “full value” awards, which include restricted stock and performance units. It is our policy to issue shares from authorized but not issued shares upon the exercise of stock options. At June 24, 2012, there were 2.1 million shares available for future grants under this plan. Options are granted at not less than fair market value on the date of grant and expire no later than ten years after the date of grant. Options and restricted shares granted under this plan require no less than a three year ratable vesting period.

During the first two quarters of 2012 and 2011, we granted options for a total of 237,500 and 273,200 shares, respectively. The weighted average fair values at the grant dates for options issued during the first two quarters of 2012 and 2011 were $5.11 and $5.75 per option, respectively. The fair value of options at the grant date was estimated utilizing the Black-Scholes valuation model with the following weighted average assumptions for the first two quarters of 2012 and 2011, respectively: (i) dividend yield on our common stock of 3.75 percent and 3.86 percent; (ii) expected stock price volatility of 41.2 percent and 37.7 percent; (iii) a risk-free interest rate of 1.37 percent and 2.65 percent; and (iv) an expected option term of 6.9 years for both periods. During the first two quarters of 2012, the number of stock options exercised totaled 27,325 and 65,050 options were canceled. During the first two quarters of 2011, stock options totaling 273,723 were exercised, and 32,000 options were canceled.

During the first two quarters of 2012 and 2011, we also granted restricted shares, or “full value” awards, totaling 33,550 and 28,250 shares, respectively. The fair values of each issued restricted share on the dates of grant averaged $16.92 and $22.47 for the first two quarters of 2012 and 2011, respectively. Restricted share awards, which are subject to forfeiture if employment terminates prior to the shares vesting, are expensed ratably over the vesting period. Shares of restricted stock are considered issued and outstanding shares at the date of grant and have the same dividend and voting rights as other common stock. Dividends paid on the restricted shares are non-forfeitable if the restricted shares do not ultimately vest.

Stock-based compensation expense related to our unvested stock options and restricted share awards was allocated as follows:

(Dollars in thousands)	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Cost of sales	$46	$129	$138	$230
Selling, general and administrative expenses	470	485	863	945
Stock-based compensation expense before income taxes	516	614	1,001	1,175
Income tax benefit	(89)	—	(180)	—

Total stock-based compensation expense after income taxes	$427	$614	$821	$1,175

As discussed in Note 9 – Income Taxes, we had previously provided valuation allowances on our U.S. deferred tax assets. Consequently, the income tax benefit on our stock-based compensation expense in the first two quarters of 2011 were entirely offset by changes in valuation allowances. As of June 24, 2012, a total of $3.6 million of unrecognized compensation cost related to non-vested awards is expected to be recognized over a weighted average period of approximately 2.3 years. There were no significant capitalized stock-based compensation costs at June 24, 2012 and December 25, 2011.

Note 6 – Business Segments

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Our Chairman and Chief Executive Officer is our chief operating decision maker (CODM). Our CODM evaluates both consolidated and disaggregated financial information at each manufacturing facility in deciding how to allocate resources and assess performance. Each manufacturing facility functions as a separate cost center, manufactures the same products, ships product to the same group of customers, utilizes the same cast manufacturing process and, as a result, production can be transferred among our facilities. Accordingly, we operate as a single integrated business and, as such, have only one operating segment - original equipment aluminum automotive wheels. Net sales and net property, plant and equipment by geographic area are summarized below.

(Dollars in thousands)	Thirteen Weeks Ended		Twenty-six Weeks Ended	
Net sales:	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
U.S.	$86,099	$75,884	$167,755	$142,348
Mexico	128,954	132,850	249,755	255,920
Consolidated net sales	$215,053	$208,734	$417,510	$398,268

Property, plant and equipment, net:	June 24, 2012	December 25, 2011
U.S.	$48,071	$45,936
Mexico	94,166	99,811
Consolidated property, plant and equipment, net	$142,237	$145,747

Note 7 – Pre-Production Costs Related to Long-Term Supply Arrangements

We incur preproduction engineering and tooling costs related to the products produced for our customers under long-term supply agreements. We amortize the cost of the customer-owned tooling over the expected life of the wheel program on a straight line basis. Also, we defer any reimbursements made to us by our customers and recognize the tooling reimbursement revenue over the same period in which the tooling is in use. Recognized deferred tooling revenues included in net sales in the condensed consolidated income statements totaled $1.8 million and $2.1 million for the thirteen weeks ended June 24, 2012 and June 26, 2011, respectively, and $3.9 million and $4.6 million for the twenty-six weeks ended June 24, 2012 and June 26, 2011, respectively. The following table summarizes the unamortized customer-owned tooling costs included in our non-current assets, and the deferred tooling revenues included in accrued expenses and other non-current liabilities.

(Dollars in Thousands)	June 24, 2012	December 25, 2011
Unamortized Preproduction Costs		
Preproduction costs	$45,666	$42,118
Accumulated amortization	(34,890)	(31,548)
Net preproduction costs	$10,776	$10,570
Deferred Tooling Revenues		
Accrued expenses	$4,735	$5,158
Other non-current liabilities	1,874	2,401
Total deferred tooling revenues	$6,609	$7,559

Note 8 – Income Per Share

In accordance with U.S. GAAP, basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the dilutive effect of outstanding stock options calculated using the treasury stock method.

The computation of diluted earnings per share does not include stock option awards that were outstanding and anti-dilutive (i.e.,

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including such awards would result in higher earnings per share), since the exercise prices of these awards exceeded the average market price of the company's common stock during the respective periods. For the thirteen and twenty-six week periods ended June 24, 2012, 2.6 million and 2.0 million shares issuable under outstanding stock options were excluded from the computations, respectively. For the thirteen and twenty-six week periods ended June 26, 2011, 1.0 million and 1.1 million shares issuable under outstanding stock options were excluded from the computations, respectively. Summarized below are the calculations of basic and diluted earnings per share.

(In thousands, except per share amounts)	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Basic Income Per Share:				
Reported net income	$6,414	$14,700	$13,147	$22,754
Basic income per share	$0.24	$0.54	$0.48	$0.84
Weighted average shares outstanding - Basic	27,209	27,045	27,190	26,955
Diluted Income Per Share:				
Reported net income	$6,414	$14,700	$13,147	$22,754
Diluted income per share	$0.23	$0.53	$0.48	$0.83
Weighted average shares outstanding	27,209	27,045	27,190	26,955
Weighted average dilutive stock options	98	516	123	485
Weighted average shares outstanding - Diluted	27,307	27,561	27,313	27,440

Note 9 – Income Taxes

We account for income taxes using the asset and liability method. The asset and liability method requires the recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of our assets and liabilities. We calculate current and deferred tax provisions based on estimates and assumptions that could differ from actual results reflected on the income tax returns filed during the following years. Adjustments based on filed returns are recorded when identified in the subsequent years.

The effect on deferred taxes for a change in tax rates is recognized in income in the period that the tax rate change is enacted. In assessing the likelihood of realization of deferred tax assets, we consider whether it is more likely than not that some portion of the deferred tax assets will not be realized. A valuation allowance is provided for deferred income taxes when, in our judgment, based upon currently available information and other factors, it is more likely than not that all or a portion of such deferred income tax assets will not be realized. The determination of the need for a valuation allowance is based on an on-going evaluation of current information including, among other things, historical operating results, estimates of future earnings in different taxing jurisdictions and the expected timing of the reversals of temporary differences. We believe that the determination to record a valuation allowance to reduce a deferred income tax asset is a significant accounting estimate because it is based, among other things, on an estimate of future taxable income in the United States and certain other jurisdictions, which is susceptible to change and may or may not occur, and because the impact of adjusting a valuation allowance may be material.

During the fourth quarter of 2011, we determined that it was more likely than not that our deferred tax assets would be realized in future periods and reversed the valuation allowances carried against our federal and certain state net deferred tax assets in the U.S. In determining when to release the valuation allowances, we considered all available evidence, both positive and negative. Consistent with our policy, the valuation allowance against our U.S. net deferred income tax assets was not reversed until such time as we had generated three years of cumulative pre-tax income and had reached sustained profitability in the U.S., which we define as two consecutive one year periods of pre-tax income, which occurred in the fourth quarter of 2011. As of June 24, 2012 valuation allowances carried

against our deferred tax assets totaled $2.5 million.

The company adopted the U.S. GAAP method of accounting for uncertain tax positions during 2007. The purpose of this method is to clarify accounting for uncertain tax positions recognized. The U.S. GAAP method of accounting for uncertain tax positions utilizes a two-step approach to evaluate tax positions. Step one, recognition, requires evaluation of the tax position to determine if based solely on technical merits it is more likely than not to be sustained upon examination. Step two, measurement, is addressed only if a position is more likely than not to be sustained. In step two, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement with tax

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authorities. If a position does not meet the more likely than not threshold for recognition in step one, no benefit is recorded until the first subsequent period in which the more likely than not standard is met, the issue is resolved with the taxing authority, or the statute of limitations expires. Positions previously recognized are derecognized when we subsequently determine the position no longer is more likely than not to be sustained. Evaluation of tax positions, their technical merits, and measurements using cumulative probability are highly subjective management estimates. Actual results could differ materially from these estimates.

Presently, we have not recorded a deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration. These temporary differences may become taxable upon a repatriation of earnings from the subsidiaries or a sale or liquidation of the subsidiaries. At this time, the company does not have any plans to repatriate additional income from its foreign subsidiaries.

For the thirteen weeks ended June 24, 2012 the provision for income taxes was $2.0 million, which was an effective income tax rate of 24 percent. The effective tax rate was favorably affected by a $6.3 million benefit from the reversal of a portion of our Mexican jurisdiction liability for unrecognized tax benefits, which was partially offset by a $4.2 million reduction in related deferred tax assets, resulting from the expiration of the statute of limitations for our 2006 tax year. This was partially offset by an increase in additional unrecognized tax positions, as well as reductions in certain state deferred taxes and unrecognized tax benefit increases. The income tax provision on income before income taxes for the twenty-six weeks ended June 24, 2012 was $6.2 million, which was an effective income tax rate of 32 percent. The effective tax rate was favorably affected by the net impact of the reversal of our Mexican jurisdiction unrecognized tax benefits related to our 2006 tax year and an increase in additional unrecognized tax positions, as described for the thirteen week period above and foreign income taxed at rates lower than the U. S. statutory rates, offset by unfavorable rate impacts of state taxes (net of federal tax benefit) and increases in our liability for unrecognized tax benefits.

The income tax provision for the thirteen weeks ended June 26, 2011 was a benefit of $1.1 million, which was an effective income tax rate of (8) percent. The income tax provision for the twenty-six weeks ended June 26, 2011 was $2.1 million expense, which was an effective income tax rate of 8 percent. In December 2010, tax laws were amended affecting the taxation of consignment contract manufactures in Mexico, which beginning in 2011, subjected certain income already subject to U.S. federal income taxes to income taxes in Mexico. The income tax provision recorded during the first quarter of fiscal 2011 included an estimate of these additional Mexican income taxes. During the second quarter of 2011, we were advised by the Mexican tax authorities that they would accept an alternative method of income allocation, resulting in a substantial decrease in income subject to Mexican income taxes. During the second quarter of 2011, this change in estimate resulted in our recording a reduction in our year to date income tax expense of $6.0 million. Also during the first six months of 2011, our federal, state and foreign valuation allowances have been reduced to the extent of taxable income generated in these jurisdictions. This reduction in the valuation allowances was approximately $7.4 million, reducing the aggregate amount of the valuation allowances to $35.9 million from $43.3 million at December 26, 2010. In addition, the effective tax rate is favorably impacted by foreign tax credits and research and development credits.

Within the next twelve month period ending June 30, 2013, we do not expect any of the unrecognized tax benefits to be recognized due to the expiration of certain statute of limitations or any income tax examinations to be completed, except as described below. During the first two quarters of 2012, the liability for uncertain tax positions decreased by $3.9 million, to $29.2 million, from $33.1 million at December 25, 2011, primarily as a result of the $6.3 million reversal of the liability as a result of the expiration of the statute of limitations for the 2006 tax year of our operations in Mexico, partially offset by $0.9 million of interest and penalties which were recognized in income tax expense, a $1.1 million increase for uncertain tax positions taken in prior periods and $0.4 million of foreign currency translation adjustments.

We conduct business internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities throughout the world, including taxing authorities in Mexico, the Netherlands, India and the United States. We are no longer under examination by taxing authorities regarding any U.S. federal income tax returns for years before 2009 while the years open for examination under various state and local jurisdictions varies. Mexico's Tax Administration Service (SAT) is currently examining the 2004 and 2007 tax years of Superior Industries de Mexico S.A. de C.V., our wholly-owned Mexican subsidiary, and we expect the 2004 audit to be completed in 2012. On February 21, 2012, we received an observation letter for the 2004 tax audit and on July 18, 2012, we received an observation letter for the 2007 tax audit from SAT. For 2004 and 2007, SAT has proposed certain adjustments related primarily to intercompany charges and we are currently providing responses to SAT regarding the 2004 audit notice and are evaluating the 2007 audit letter. We believe that we have adequately provided for any reasonably foreseeable outcomes related to these proposed adjustments and the ultimate resolution of these matters is unlikely to have a material effect on our consolidated financial position; however, there is still a possibility that an adverse outcome of these matters could have a material effect on our consolidated financial condition.

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Note 10 – Short-Term Investments

The company's short-term investments include certificates of deposit and fixed deposits whose original maturity is greater than three months and is one year or less. Certificates of deposit and fixed deposits whose original maturity is three months or less are classified as cash equivalents and certificates of deposit and fixed deposits whose maturity is greater than one year at the balance sheet date are classified as non-current assets in our condensed consolidated balance sheet. The purchase of any certificate of deposit or fixed deposit that is classified as a short-term investment or non-current asset appear in the investing section of our condensed consolidated statement of cash flows.

Restricted Deposits

We purchase certificates of deposit with maturity dates that expire within twelve months that are used to secure our workers' compensation obligations and collateralize letters of credit securing our forward natural gas contracts in Mexico. At June 24, 2012 and December 25, 2011, certificates of deposit totaling $4.8 million and $5.1 million, respectively, which were restricted in use, were classified as short-term investments on our condensed consolidated balance sheets.

Note 11 – Accounts Receivable
(Dollars in thousands)

	June 24, 2012	December 25, 2011
Trade receivables	$125,103	$114,811
Other receivables	4,125	5,423
	129,228	120,234
Allowance for doubtful accounts	(699)	(339)
Accounts receivable, net	$128,529	$119,895

Note 12 – Inventories
(Dollars in thousands)

	June 24, 2012	December 25, 2011
Raw materials	$20,268	$24,347
Work in process	28,563	26,921
Finished goods	18,380	15,665
Inventories	$67,211	$66,933

Service wheel inventory included in other non-current assets in the condensed consolidated balance sheets was $3.2 million and $2.8 million at June 24, 2012 and December 25, 2011, respectively.

Note 13 – Property, Plant and Equipment
(Dollars in thousands)

	June 24, 2012	December 25, 2011
Land and buildings	$67,988	$67,500
Machinery and equipment	397,451	390,304
Leasehold improvements and others	8,309	8,274
Construction in progress	8,413	8,908
	482,161	474,986
Accumulated depreciation	(339,924)	(329,239)
Property, plant and equipment, net	$142,237	$145,747

Depreciation expense was $6.3 million and $7.2 million for the thirteen weeks ended June 24, 2012 and June 26, 2011, respectively. Depreciation expense was $12.9 million and $14.2 million for the twenty-six weeks ended June 24, 2012 and June 26, 2011,

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respectively.

Note 14 – Retirement Plans

We have an unfunded supplemental executive retirement plan covering certain officers, key members of management and our non-employee directors. Subject to certain vesting requirements, the plan provides for retirement benefits based on the average of the final thirty-six months of base salary. Such benefits become payable upon attaining age sixty-five, or upon retirement, if later. The benefits are paid biweekly and continue for the retiree's remaining life or for a minimum of ten years. The plan was closed to new participants effective February 3, 2011.

For the twenty-six weeks ended June 24, 2012, payments to retirees or their beneficiaries totaled approximately $588,000. We presently anticipate benefit payments in 2012 to total approximately $1.3 million. The following table summarizes the components of net periodic pension cost for the first two quarters of 2012 and 2011.

(Dollars in thousands)	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Service cost	$61	$74	$122	$148
Interest cost	306	329	610	658
Net amortization	65	—	131	—
Net periodic pension cost	$432	$403	$863	$806

Note 15 – Commitments and Contingencies

We are party to various legal and environmental proceedings incidental to our business. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against us. Based on facts now known, we believe all such matters are adequately provided for, covered by insurance, are without merit and/or involve such amounts that would not materially adversely affect our consolidated results of operations, cash flows or financial position. For additional information concerning contingencies, risks and uncertainties, see Note 16 – Risk Management.

Note 16 – Risk Management

We are subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive global nature of the industry in which we operate, changing commodity prices for the materials used in the manufacture of our products and the development of new products.

The functional currency of certain foreign operations in Mexico is the Mexican peso. The settlement of accounts receivable and accounts payable for our operations in Mexico requires the transfer of funds denominated in the Mexican peso, the value of which in the first and second quarter of 2012, increased 7 percent and decreased 7 percent, respectively, in relation to the U.S. dollar. Foreign currency transaction losses in the second quarter of 2012 totaled $0.1 million compared to foreign currency transaction gains of $0.1 million in the comparable period a year ago. For the first two quarters of 2012, foreign currency transaction gains totaled $0.1 million compared to $0.4 million for the comparable period in 2011. All transaction gains and losses are included in other income (expense) in the condensed consolidated income statements.

As it relates to foreign currency translation gains and losses, however, since 1990, the Mexican peso has experienced periods of relative stability followed by periods of major declines in value. The impact of these changes in value relative to our Mexico operations resulted in a cumulative unrealized translation loss at June 24, 2012 of $62.5

million. Translation gains and losses are included in other comprehensive income in the condensed consolidated statements of comprehensive income.

When market conditions warrant, we may also enter into purchase commitments to secure the supply of certain commodities used in the manufacture of our products, such as aluminum, natural gas and other raw materials. At June 24, 2012 we have several purchase commitments in place for the delivery of natural gas through 2012 for a total cost of $2.5 million. These natural gas contracts are considered to be derivatives under U.S. GAAP, and when entering into these contracts, it was expected that we would take full delivery of the contracted quantities of natural gas over the normal course of business. Accordingly, at inception, these contracts qualified for the normal purchase, normal sale (NPNS) exemption provided for under U.S. GAAP. As such, we do not account for these purchase commitments as derivatives unless there is a change in facts or circumstances in regard to the company's intent or ability to use the contracted quantities of natural gas over the normal course of business. Based on the quarterly analysis

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of our estimated future production levels, we believe that our remaining natural gas purchase commitments that were in effect as of June 24, 2012 will continue to qualify for the NPNS exemption since we can assert that it is probable we will take full delivery of the contracted quantities.

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

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. We may from time to time make written or oral statements in “Management's Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this report which constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. These forward-looking statements are based upon management's current expectations, estimates, assumptions and beliefs concerning future events and conditions and may discuss, among other things, anticipated future performance (including sales and earnings), expected growth, future business plans and costs and potential liability for environmental-related matters. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as “expects,” “anticipates,” “believes,” “will,” “will likel result,” “will continue,” “plans to” and similar expressions.

Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the company, which could cause actual results to differ materially from such statements and from the company's historical results and experience. The principal factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changes in the automotive industry, including the financial condition of our OEM customers and changes in consumer preferences for end products, fluctuations in production schedules for vehicles for which we are a supplier, increased global competitive pressures and pricing pressures, our dependence on major customers and third party suppliers and manufacturers, our ongoing ability to achieve cost savings and other operational improvements, our ability to introduce new products to meet our customers' demand in a timely manner, the impact on our relationship with customers and our market position due to limitations in our manufacturing capacity, increased repair and maintenance costs and costs to replace machinery and equipment on an accelerated basis due to continued operation of our plants at near full capacity levels, our exposure to foreign currency fluctuations, increasing fuel and energy costs, regulatory changes and other factors or conditions described in Item 1A - Risk Factors in Part I of our 2011 Annual Report on Form 10-K and from time to time in our future reports filed with the Securities and Exchange Commission.

Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and the company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited Condensed Consolidated Financial Statements and notes thereto and with the audited Consolidated Financial Statements, notes thereto, and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our 2011 Annual Report on Form 10-K.

Executive Overview

Overall North American production of passenger cars and light trucks in the second quarter of 2012 was reported by industry publications as being up by approximately 27 percent versus the comparable period a year ago, with production of passenger cars increasing 33 percent and production of light trucks and SUVs increasing 23 percent. The North American market for automobiles and light-duty trucks (including SUVs and crossover vehicles) has experienced rather pronounced cyclicality over recent years. Production levels of the U.S. automotive industry for the second quarter of 2012 reached 4.0 million vehicles, the highest level since the second quarter of 2007. Prior to the industry downturn in 2008, several years of high levels of North American vehicle production were attributable to many factors, including general economic conditions and consumer access to credit, that contributed to a trend of consistent and relatively strong market activity. Recent North American production levels continue to improve as the economy and low consumer interest rates are generally supportive of market growth and, in addition, the continuing increase in the average age of vehicles on the road appears to be contributing to higher rates of vehicle replacement. In 2011, the average age of an automobile in the U.S. now has reached 11 years, a new record according to Polk Automotive Research.

Net sales in the second quarter of 2012 increased $6.4 million, or 3 percent, to $215.1 million from $208.7 million in the comparable period a year ago. Wheel sales in the second quarter of 2012 increased $6.3 million, or 3 percent, to $212.9 million from $206.6

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million in the comparable period a year ago. Wheel unit shipments increased to 3.3 million from 2.9 million a year ago. Gross profit in the second quarter of 2012 was $15.7 million, or 7 percent of net sales, compared to $19.5 million, or 9 percent of net sales, in the comparable period a year ago. Net income for the second quarter of 2012 was $6.4 million, or $0.23 per diluted share, and included income tax expense of $2.0 million, compared to net income in the second quarter of 2011 of $14.7 million, or $0.53 per diluted share, which included an income tax benefit of $1.1 million.

Despite the benefit of higher unit sales volume, our operating performance continues to reflect the negative impact of pricing pressure and product mix. While we continue to focus on programs to reduce costs through improved operational and procurement practices, global pricing pressures and negative changes in product mix have occurred at a faster rate than our progress on achieving cost reductions. This comparison partially reflects what often can be the time-consuming nature of developing and implementing operational cost reduction programs. Other cost increases, such as for energy and raw materials which are not adjusted for in our product pricing agreements, also may occur in the future and have a negative impact on our future operating results, financial condition and cash flows.

Results of Operations
(Dollars in thousands, except per share amounts)

Selected data	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Net sales	$215,053	$208,734	$417,510	$398,268
Gross profit	$15,716	$19,547	$32,824	$36,424
Percentage of net sales	7.3 %	9.4 %	7.9 %	9.1 %
Income from operations	$8,226	$12,853	$18,449	$23,038
Percentage of net sales	3.8 %	6.2 %	4.4 %	5.8 %
Net income	$6,414	$14,700	$13,147	$22,754
Percentage of net sales	3.0 %	7.0 %	3.1 %	5.7 %
Diluted income per share	$0.23	$0.53	$0.48	$0.83

Net Sales

Net sales in the second quarter of 2012 increased $6.4 million, or 3 percent, to $215.1 million from $208.7 million in the comparable period a year ago. Wheel sales in the second quarter of 2012 increased $6.3 million, or 3 percent, to $212.9 million from $206.6 million in the comparable period a year ago primarily as a result of an increase in the number of wheels shipped. The unit volume of wheels shipped increased 14 percent, while the average unit selling price decreased 10 percent to $64.22 per wheel in the current year period from $70.99 per wheel in the second quarter of 2011. A decline in average aluminum price, which we generally pass through to our customers, the value-added price and mix of wheels sold, and a weakening in the Mexican peso were the primary drivers of the 10 percent decrease in the average selling price of our wheels. Unit shipments increased to Ford, Toyota, Nissan, Chrysler, BMW and Subaru, while shipments decreased to GM and Mitsubishi. Wheel development revenues totaled $2.2 million in the second quarter of 2012 and $2.1 million in the comparable period of 2011.

Net sales in the first two quarters of 2012 increased $19.2 million, or 5 percent, to $417.5 million from $398.3 million in the comparable period a year ago primarily as a result of an increase in the number of wheels shipped. Wheel sales increased $19.3 million, or 5 percent, to $413.0 million from $393.7 million in the first two quarters a year ago, as our wheel shipments increased by 13 percent. The average selling price of our wheels during the first two quarters of 2012 decreased approximately 7 percent primarily due to a decrease in the pass-through price of aluminum, as well as the

value-added price and mix of wheels sold, and a weakening in the Mexican peso. Wheel program development revenues totaled approximately $4.6 million in the first two quarters of 2012 and 2011.

U.S. Operations

Net sales of our U.S. operations in the second quarter of 2012 increased $10.9 million, or 14 percent, to $86.1 million from $75.2 million in the comparable period a year ago. Wheel sales in the second quarter of 2012 increased $10.9 million, or 15 percent, to $84.3 million from $73.4 million in the second quarter last year. The increase in sales in the second quarter of 2012 primarily reflects a 23 percent increase in unit shipments partially offset by an 8 percent decrease in the average selling price primarily resulting from a decrease in the pass-through price of aluminum. During the first two quarters of 2012, net sales of our U.S. wheel

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plants increased $26.1 million, or 18 percent, to $167.8 million from $141.7 million in the comparable period a year ago. Wheel sales in the first two quarters of 2012 increased $26.7 million, or 19 percent, to $163.8 million from $137.1 million in the comparable period a year ago. The increase in wheel sales in 2012 reflects a 28 percent increase in unit shipments partially offset by a 7 percent decrease in the average selling price as a result of a 6 percent decrease in the pass-through price of aluminum and the value-added price and mix of wheels sold. Wheel development revenues were relatively flat when comparing the second quarter and year-to-date periods ended June 24, 2012, with the comparable periods in the prior year.

Mexico Operations

Net sales of our Mexico operations in the second quarter of 2012 decreased $4.5 million, or 3 percent, to $129.0 million from $133.5 million in the comparable period a year ago. While unit shipments increased by 9 percent in the second quarter of 2012, revenues decreased as a result of an 11 percent decrease in the average selling price due principally to a 6 percent decrease in the pass-through price of aluminum, a weakening of the Mexican peso, and the value-added price and mix of wheels sold. During the first two quarters of 2012, net sales of our Mexico wheel plants decreased $6.8 million, or 3 percent, to $249.8 million from $256.6 million in the comparable period a year ago. While unit volume increased by 5 percent in the first two quarters 2012, revenues decreased due to a 7 percent decrease in the average selling price resulting primarily from a 4 percent decrease in the pass-through price of aluminum, a weakening of the Mexican peso and the value-added price and mix of wheels sold.

Customer Comparisons

As reported by industry publications, North American production of passenger cars and light trucks in the second quarter of 2012 was up approximately 27 percent compared to the comparable quarter in the previous year, while our wheel shipments increased 14 percent when comparing the periods. The increase of North American vehicle production included an increase of 33 percent for passenger cars and an increase of 23 percent for light trucks and SUVs. During the comparable period, our shipments of passenger car wheels increased by 16 percent while light truck wheel shipments increased by 13 percent.

OEM unit shipment composition by customer was as follows:

	Thirteen Weeks Ended	
	June 24, 2012	June 26, 2011
Ford	37%	35%
General Motors	26%	33%
Chrysler	11%	12%
International customers	26%	20%
Total	100%	100%

At the customer level, shipments in the second quarter of 2012 to Ford increased 19 percent compared to the comparable period a year ago, as light truck and SUV wheel shipments increased 25 percent and shipments of passenger car wheels increased 6 percent. At the program level, the major unit shipment increases were for the Escape, Taurus, F-Series trucks and Flex, partially offset by unit shipment decreases for Lincoln's Town Car.

Shipments to GM in the second quarter of 2012 decreased 10 percent compared to the second quarter of 2011, as both passenger car wheel shipments and light truck and SUV wheel shipments decreased 10 percent. The major unit shipment decreases to GM were for the GMT 900 platform vehicles which have decreased temporarily during model year changeover, Chevrolet's Malibu and HHR, partially offset by unit shipment increases in Chevrolet's Impala and Cadillac's SRX.

Shipments to Chrysler in the second quarter of 2012 increased 8 percent compared to the second quarter last year, as shipments of light truck and SUV wheels increased 9 percent and passenger car wheels decreased 3 percent. The

major unit shipment increases to Chrysler were for the Dodge Caravan and Jeep Compass, which were partially offset by unit shipment decreases for the Dodge Ram Truck and Nitro.

Shipments to international customers in the second quarter of 2012 increased 48 percent compared to the second quarter of 2011, as shipments of light truck and SUV wheels increased 51 percent and shipments of passenger car wheels increased 46 percent. At the program level, major unit shipment increases to international customers were for Nissan's Maxima, Toyota's Highlander, Camry, Sienna and Avalon, Subaru's Outback and BMW's X3, partially offset by unit shipment decreases for Mitsubishi's Endeavor. The 2011 shipment levels partially reflected the decline in production of certain Japanese branded vehicles due to disruption caused by the March 2011 natural disasters in Japan.

Gross Profit

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Consolidated gross profit decreased $3.8 million for the second quarter of 2012 to $15.7 million, or 7 percent of net sales, compared to $19.5 million, or 9 percent of net sales, for the comparable period a year ago. As indicated above, unit shipments increased 14 percent in the second quarter of 2012 as compared to the second quarter last year. However, higher levels of manufacturing costs resulting from higher unit volumes and continued operation of our plants at full capacity, as well as unfavorable changes in product mix and foreign exchange rates, have resulted in lower gross margins for the second quarter of 2012 when compared to the 2011 period. Certain factory costs, such as repairs, maintenance, supplies, labor and fringe benefit costs were higher in 2012 than in the prior year. While higher labor costs in the second quarter of 2012 also reflected the increase in unit volume when compared to the second quarter of last year, productivity measured in terms of wheels produced per labor hour increased 3 percent in the current year.

Consolidated gross profit for the first half of 2012 decreased $3.6 million to $32.8 million, or 8 percent of net sales, compared to $36.4 million, or 9 percent of net sales, for the comparable period a year ago. As noted above, unit shipments in the first half of 2012 increased 13 percent compared to the first half last year. However, higher levels of manufacturing costs resulting from higher unit volumes and continued operation of our plants at full capacity, as well as unfavorable changes in product mix and foreign exchange rates, have resulted in lower gross margins for the first half of 2012 when compared to the 2011 period. Certain factory costs, including repairs, maintenance, supplies, labor and fringe benefit costs were higher in first half of 2012 than in the prior year, in many cases due to the sales volume increase. In addition, included in gross profit in the first quarter of 2011 were costs associated with scheduled plant maintenance shutdowns and unexpected production curtailments due to inclement weather. While higher labor costs in the first half of 2012 reflect the increase in unit volume when compared to the first half of last year, productivity measured in terms of wheels produced per labor hour increased 6 percent in the current year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the second quarter of 2012 increased $1.1 million to $7.5 million, or 3 percent of net sales, from $6.4 million, or 3 percent of net sales, for the comparable period in 2011. The 2012 period included increases totaling $1.1 million in legal, audit and consulting expenses. For the first two quarters of 2012, selling, general and administrative expenses were $14.4 million, or 3 percent of net sales, compared to $13.0 million, or 3 percent of net sales, for the comparable period in 2011. The principal increases in the year-to-date period are the same as just noted for the second quarter comparison.

Impairment of Long-Lived Assets and Other Charges

During the second quarter of 2011 a $0.3 million charge was recorded to adjust the carrying value of our closed Johnson City, Tennessee facility which was included in assets held for sale until it was sold on October 14, 2011.

Income from Operations

Aluminum, natural gas and other direct material costs are a significant component of our direct costs to manufacture wheels. These costs are substantially the same for all of our plants since many common suppliers service both our U.S. and Mexico operations. In addition, our operations in the U.S. and Mexico sell to the same customers, utilize the same marketing and engineering resources, have the same material inputs, have interchangeable manufacturing processes and provide the same basic end product. However, profitability between our U.S. and Mexico operations can vary as a result of differing labor and benefit costs, the mix of wheels manufactured and sold by each plant, as well as differing plant utilization levels resulting from our internal allocation of wheel programs to our plants.

Consolidated income from operations includes our U.S. and international operations (principally our wheel manufacturing operations in Mexico), and certain costs that are not allocated to a specific operation. These unallocated expenses include corporate services that are primarily incurred in the U.S. but are not charged directly to our operations, such as selling, general and administrative expenses, engineering services for wheel program development and manufacturing support, environmental and other governmental compliance services.

Consolidated income from operations decreased $4.7 million in the second quarter of 2012 to $8.2 million, or 4 percent of net sales, from $12.9 million, or 6 percent of net sales, in the comparable period in 2011. Income from our Mexican operations increased $1.2 million, while income from our U.S. operations decreased $3.1 million, when comparing the second quarter of 2012 to the comparable period in 2011. Operating income in the second quarter of 2012 has been unfavorably impacted by changes in product mix and foreign exchange rates, as compared to the second quarter last year. Additionally, corporate costs incurred during the second quarter of 2012 were $2.7 million higher than the comparable period in 2011 primarily due to $1.1 million higher legal, audit and consulting expenses and $1.1 million of workers' compensation costs.

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For the first half of 2012, consolidated income from operations decreased $4.6 million to income of $18.4 million, or 4 percent of net sales, from $23.0 million or 6 percent of net sales, in 2011. Income from our U.S. operations decreased $7.1 million, while income from our Mexico operations increased $4.9 million when comparing 2012 to 2011. Operating income in the first half of 2012 has been unfavorably impacted by changes in product mix and foreign exchange rates, as compared to the first half last year. Additionally, corporate costs incurred during the first half of 2012 were $2.4 million higher than the comparable period in 2011 primarily due to $1.1 million higher legal, audit and consulting expenses and $1.2 million of workers' compensation costs. Included below are the major items that impacted income from operations for our U.S. and Mexico operations during the second quarter and year-to-date period of 2012.

U.S. Operations

Operating income from our U.S. operations in the second quarter of 2012 decreased by $3.1 million compared to the second quarter last year. Our U.S. operations during both periods consisted of two wheel plants located in Arkansas. Although income from our U.S operations in the second quarter of 2012 reflects a 23 percent increase in unit shipments, this improvement was more than offset by a negative change in product mix and higher operating costs which caused gross margin to decline from 5 percent of sales in 2011 to 1 percent in the second quarter of 2012. Consistent high capacity utilization at our plants to meet continued high volume customer demand has strained personnel and factory resources. The decline in operating income reflects an increase in plant labor and fringe benefit costs of $3.1 million caused by higher headcount and increases in overtime costs and contract labor, in addition to a $3.3 million increase in plant repair, maintenance and supply costs in the second quarter of 2012, compared to the second quarter last year.

Income from operations for the first half of 2012 decreased by $7.1 million compared to the first half of last year. Income from our U.S. operations in the first half of 2012 included an increase in unit shipments of approximately 28 percent; however, this improvement was offset by a negative change in product mix and higher operating costs which caused our gross margin to decline from 5 percent in 2011 to near break-even margin in 2012. As noted just above, consistent high capacity utilization at our plants has strained personnel and factory resources. The decline in operating income reflects an increase in plant labor costs of $7.2 million, caused by higher headcount and increases in overtime costs and contract labor, for the 2012 period compared to 2011. Plant repair, maintenance and supply costs also increased $5.6 million in the first half of 2012, compared to the first half last year.

Mexico Operations

Income from operations for our Mexico operations increased by $1.2 million in the second quarter of 2012 compared to the second quarter of 2011. Mexico operations during both periods consisted of three wheel plants. Income from our Mexico operations reflects a 9 percent increase in unit shipments and an increase in gross profit margins from 14 percent to 15 percent in the second quarter of 2012 as compared to the second quarter last year. During the second quarter of 2012, plant labor and benefit costs decreased 9 percent while wheels produced per labor hour increased 13 percent, when compared to the second quarter last year. However, product mix and foreign exchange rate changes have unfavorably impacted operating income when comparing the second quarter of 2012 with the second quarter last year.

Income from operations for the first half of 2012 increased by $4.9 million compared to the first half of 2011. Income from our Mexico operations in the first half of 2012 included a 5 percent increase in unit shipments and an increase in gross profit margins from 14 percent to 16 percent in the first half of 2012 as compared to the first half last year. During the first half of 2012, plant labor and benefit costs decreased 5 percent while wheels produced per labor hour increased 15 percent, when compared to the first half last year, while foreign exchange rate changes have unfavorably impacted operating income when comparing the first half of 2012 with the prior year.

U.S. versus Mexico Production

During the second quarter of 2012, wheels produced by our Mexico and U.S. operations accounted for 62 percent and 38 percent, respectively, of our total production. For the first two quarters of 2012, wheels produced by our Mexico and U.S. operations accounted for 61 percent and 39 percent, respectively, of our total production. We anticipate that the percentage of production in Mexico will remain between 60 percent and 65 percent of our total production for the remainder of 2012.

Income Taxes

We account for income taxes using the asset and liability method. The asset and liability method requires the recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of our assets and liabilities. We calculate current and deferred tax provisions based on estimates and assumptions that could differ from actual results reflected on the income tax returns filed during the following years. Adjustments based on filed returns are recorded when identified in the subsequent years.

The effect on deferred taxes for a change in tax rates is recognized in income in the period that the tax rate change is enacted. In

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assessing the likelihood of realization of deferred tax assets, we consider whether it is more likely than not that some portion of the deferred tax assets will not be realized. A valuation allowance is provided for deferred income taxes when, in our judgment, based upon currently available information and other factors, it is more likely than not that all or a portion of such deferred income tax assets will not be realized. The determination of the need for a valuation allowance is based on an on-going evaluation of current information including, among other things, historical operating results, estimates of future earnings in different taxing jurisdictions and the expected timing of the reversals of temporary differences. We believe that the determination to record a valuation allowance to reduce a deferred income tax asset is a significant accounting estimate because it is based, among other things, on an estimate of future taxable income in the United States and certain other jurisdictions, which is susceptible to change and may or may not occur, and because the impact of adjusting a valuation allowance may be material.

During the fourth quarter of 2011, we determined that it was more likely than not that our deferred tax assets would be realized in future periods and reversed the valuation allowances carried against our federal and certain state net deferred tax assets in the U.S. In determining when to release the valuation allowances, we considered all available evidence, both positive and negative. Consistent with our policy, the valuation allowance against our U.S. net deferred income tax assets was not reversed until such time as we had generated three years of cumulative pre-tax income and had reached sustained profitability in the U.S., which we define as two consecutive one year periods of pre-tax income, which occurred in the fourth quarter of 2011. As of June 24, 2012 valuation allowances carried against our deferred tax assets totaled $2.5 million.

The company adopted the U.S. GAAP method of accounting for uncertain tax positions during 2007. The purpose of this method is to clarify accounting for uncertain tax positions recognized. The U.S. GAAP method of accounting for uncertain tax positions utilizes a two-step approach to evaluate tax positions. Step one, recognition, requires evaluation of the tax position to determine if based solely on technical merits it is more likely than not to be sustained upon examination. Step two, measurement, is addressed only if a position is more likely than not to be sustained. In step two, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement with tax authorities. If a position does not meet the more likely than not threshold for recognition in step one, no benefit is recorded until the first subsequent period in which the more likely than not standard is met, the issue is resolved with the taxing authority, or the statute of limitations expires. Positions previously recognized are derecognized when we subsequently determine the position no longer is more likely than not to be sustained. Evaluation of tax positions, their technical merits, and measurements using cumulative probability are highly subjective management estimates. Actual results could differ materially from these estimates.

Presently, we have not recorded a deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration. These temporary differences may become taxable upon a repatriation of earnings from the subsidiaries or a sale or liquidation of the subsidiaries. At this time, the company does not have any plans to repatriate additional income from its foreign subsidiaries.

For the thirteen weeks ended June 24, 2012 the provision for income taxes was $2.0 million, which was an effective income tax rate of 24 percent. The effective tax rate was favorably affected by a $6.3 million benefit from the reversal of a portion of our Mexican jurisdiction liability for unrecognized tax benefits, which was partially offset by a $4.2 million reduction in related deferred tax assets, resulting from the expiration of the statute of limitations for our 2006 tax year. This was partially offset by an increase in additional unrecognized tax positions, as well as reductions in certain state deferred taxes and unrecognized tax benefit increases. The income tax provision on income before income taxes for the twenty-six weeks ended June 24, 2012 was $6.2 million, which was an effective income tax rate of 32 percent. The effective tax rate was favorably affected by the net impact of the reversal of our Mexican jurisdiction unrecognized tax benefits related to our 2006 tax year and an increase in additional unrecognized tax positions, as described for the thirteen week period above and foreign income taxed at rates lower than the U. S.

statutory rates, offset by unfavorable rate impacts of state taxes (net of federal tax benefit) and increases in our liability for unrecognized tax benefits.

The income tax provision for the thirteen weeks ended June 26, 2011 was a benefit of $1.1 million, which was an effective income tax rate of (8) percent. The income tax provision for the twenty-six weeks ended June 26, 2011 was $2.1 million expense, which was an effective income tax rate of 8 percent. In December 2010, tax laws were amended affecting the taxation of consignment contract manufactures in Mexico, which beginning in 2011, subjected certain income already subject to U.S. federal income taxes to income taxes in Mexico. The income tax provision recorded during the first quarter of fiscal 2011 included an estimate of these additional Mexican income taxes. During the second quarter of 2011, we were advised by the Mexican tax authorities that they would accept an alternative method of income allocation, resulting in a substantial decrease in income subject to Mexican income taxes. During the second quarter of 2011, this change in estimate resulted in our recording a reduction in our year to date income tax expense of $6.0 million. Also during the first six months of 2011, our federal, state and foreign valuation allowances have been reduced to the extent of taxable income generated in these jurisdictions. This reduction in the valuation allowances was approximately $7.4 million, reducing the aggregate amount of the valuation allowances to $35.9 million from $43.3 million at December 26, 2010. In addition, the effective tax rate is favorably impacted by foreign tax credits and research and development

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credits.

Within the next twelve month period ending June 30, 2013, we do not expect any of the unrecognized tax benefits to be recognized due to the expiration of certain statute of limitations or any income tax examinations to be completed, except as described below. During the first two quarters of 2012, the liability for uncertain tax positions decreased by $3.9 million, to $29.2 million, from $33.1 million at December 25, 2011, primarily as a result of the $6.3 million reversal of the liability as a result of the expiration of the statute of limitations for the 2006 tax year of our operations in Mexico, partially offset by $0.9 million of interest and penalties which were recognized in income tax expense, a $1.1 million increase for uncertain tax positions taken in prior periods and $0.4 million of foreign currency translation adjustments.

We conduct business internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities throughout the world, including taxing authorities in Mexico, the Netherlands, India and the United States. We are no longer under examination by taxing authorities regarding any U.S. federal income tax returns for years before 2009 while the years open for examination under various state and local jurisdictions varies. Mexico's Tax Administration Service (SAT) is currently examining the 2004 and 2007 tax years of Superior Industries de Mexico S.A. de C.V., our wholly-owned Mexican subsidiary, and we expect the 2004 audit to be completed in 2012. On February 21, 2012, we received an observation letter for the 2004 tax audit and on July 18, 2012, we received an observation letter for the 2007 tax audit from SAT. For 2004 and 2007, SAT has proposed certain adjustments related primarily to intercompany charges and we are currently providing responses to SAT regarding the 2004 audit notice and are evaluating the 2007 audit letter. We believe that we have adequately provided for any reasonably foreseeable outcomes related to these proposed adjustments and the ultimate resolution of these matters is unlikely to have a material effect on our consolidated financial position; however, there is still a possibility that an adverse outcome of these matters could have a material effect on our consolidated financial condition.

Net Income

Net income in the second quarter of 2012 was $6.4 million, or $0.23 per diluted share, and included income tax expense of $2.0 million, compared to net income in the second quarter of 2011 of $14.7 million, or $0.53 per diluted share, which included a tax benefit of $1.1 million. Net income in the first half of 2012 was $13.1 million, or $0.48 per diluted share, including income tax expense of $6.2 million compared to net income in the first half of 2011 of $22.8 million, or $0.83 per diluted share, which included income tax expense of $2.1 million.

Financial Condition, Liquidity and Capital Resources

Our sources of liquidity include cash, cash equivalents and short-term investments, net cash provided by operating activities and other external sources of funds. Working capital (current assets minus current liabilities) and our current ratio (current assets divided by current liabilities) were $344.6 million and 5.2:1, respectively, at June 24, 2012, versus $335.7 million and 5.9:1 at December 25, 2011. We have no long-term debt. As of June 24, 2012, our cash, cash equivalents and short-term investments totaled $212.3 million compared to $192.9 million at December 25, 2011 and $149.6 million at June 26, 2011.

Working capital increased in the first half of 2012 and primarily reflects increases in cash generated from operations during the period, and accounts receivable, resulting primarily from higher net sales near the end of the quarter partially offset by higher accounts payable, mainly resulting from aluminum shipments received near the end of the quarter. For the foreseeable future, we expect all working capital requirements, funds required for investing activities and cash dividend payments to be funded from internally generated funds or existing cash, cash equivalents and short-term investments. The increase in cash and cash provided by operating activities experienced in the first half of

2012 may not necessarily be indicative of future results.

The following table presents a summary of the net increase in cash and cash equivalents in the periods presented:

(Dollars in thousands)	Twenty-six Weeks Ended		
	June 24, 2012	June 26, 2011	Change
Net cash provided by operating activities	$34,564	$9,316	$25,248
Net cash (used in) provided by investing activities	(6,361)	9,578	(15,939)
Net cash used in financing activities	(8,286)	(4,051)	(4,235)
Effect of exchange rate changes on cash	(218)	—	(218)
Net increase in cash and cash equivalents	$19,699	$14,843	$4,856

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Operating Activities

Net cash provided by operating activities increased $25.3 million to $34.6 million for the twenty-six week period ended June 24, 2012, compared to $9.3 million for the comparable period a year ago. When compared to the prior year the improvement in 2012 included favorable fluctuations in accounts payable, accounts receivable, inventory and income tax related accounts totaling $36.6 million offset by a $9.6 million decrease in net income and a $4.8 million unfavorable change in prepaid aluminum.

Investing Activities

Our principal investing activities during the twenty-six week period ended June 24, 2012 were the funding of $8.7 million of capital expenditures and the purchase of $2.8 million of certificates of deposit, offset by the receipt of $3.1 million cash proceeds from maturing certificates of deposit and the receipt of $1.7 million cash proceeds from a life insurance policy. Investing activities during the comparable period a year ago included the receipt of $20.8 million cash proceeds from maturing certificates of deposit, offset by the funding of $9.5 million of capital expenditures and the purchase of $4.0 million of certificates of deposit. The capital expenditures in both periods were for ongoing improvements to our existing facilities, none of which were individually significant.

Financing Activities

Financing activities during the twenty-six week period ended June 24, 2012 consisted of the payment of cash dividends on our common stock totaling $8.7 million, partially offset by the receipt of cash proceeds from the exercise of stock options totaling $0.4 million. Financing activities during the twenty-six week period ended June 26, 2011 consisted of the payment of cash dividends on our common stock totaling $8.7 million, partially offset by the receipt of cash proceeds from the exercise of stock options totaling $4.3 million.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to apply significant judgment in making estimates and assumptions that affect amounts reported therein, as well as financial information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations. These estimates and assumptions, which are based upon historical experience, industry trends, terms of various past and present agreements and contracts, and information available from other sources that are believed to be reasonable under the circumstances, form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent through other sources. There can be no assurance that actual results reported in the future will not differ from these estimates, or that future changes in these estimates will not adversely impact our results of operations or financial condition.

Risk Management

We are subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive global nature of the industry in which we operate, changing commodity prices for the materials used in the manufacture of our products and the development of new products.

The functional currency of certain foreign operations in Mexico is the Mexican peso. The settlement of accounts receivable and accounts payable for these operations requires the transfer of funds denominated in the Mexican peso, the value of which was relatively unchanged in relation to the U.S. dollar in the first half of 2012. Foreign currency transaction losses in the second quarter of 2012 totaled $0.1 million compared to a gain of $0.1 million in the

comparable period a year ago. For the first half of 2012, foreign currency transaction gains totaled $0.1 million compared to $0.4 million for the comparable period in 2011. All transaction gains and losses are included in other income (expense) in the condensed consolidated income statements.

As it relates to foreign currency translation gains and losses, however, since 1990, the Mexican peso has experienced periods of relative stability followed by periods of major declines in value. The impact of these changes in value relative to our Mexico operations resulted in a cumulative unrealized translation loss at June 24, 2012 of $62.5 million. Translation gains and losses are included in other comprehensive income in the condensed consolidated statements of comprehensive income.

When market conditions warrant, we may also enter into purchase commitments to secure the supply of certain commodities used in the manufacture of our products, such as aluminum, natural gas and other raw materials. We currently have several purchase commitments in place for the delivery of natural gas through 2012. These natural gas contracts are considered to be derivatives under U.S. GAAP, and when entering into these contracts, it was expected that we would take full delivery of the contracted quantities of natural gas over the normal course of business. Accordingly, at inception, these contracts qualified for the normal

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purchase, normal sale (NPNS) exemption provided for under U.S. GAAP. As such, we do not account for these purchase commitments as derivatives unless there is a change in facts or circumstances in regard to the company's intent or ability to use the contracted quantities of natural gas over the normal course of business. Based on the quarterly analysis of our estimated future production levels, we believe that our remaining natural gas purchase commitments that were in effect as of June 24, 2012 will continue to qualify for the NPNS exemption since we can assert that it is probable we will take full delivery of the contracted quantities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency. A significant portion of our business operations are conducted in Mexico. As a result, we have a certain degree of market risk with respect to our cash flows due to changes in foreign currency exchange rates when transactions are denominated in currencies other than our functional currency, including inter-company transactions. Historically, we have not actively engaged in substantial exchange rate hedging activities and, at June 24, 2012, we had not entered into any foreign exchange contracts.

During the first two quarters of 2012, the Mexican peso exchange rate to U.S. dollar averaged 13.3 pesos per U.S. dollar. Based on the balance sheet at June 24, 2012, a 10 percent change in the relationship between the peso and the U.S. dollar may result in a translation impact of between $8.3 million and $10.2 million, which would be recognized in other comprehensive income.

Our business requires us to settle transactions between currencies in both directions, i.e., peso to U.S. dollar and vice versa. To the greatest extent possible, we attempt to match the timing of transaction settlements between currencies to create a “natural hedge.” On a net basis our transaction flows were long on the peso. For the first two quarters of 2012, we had a $0.1 million net foreign exchange transaction gain related to the peso. Based on the current business model and levels of production and sales activity, the net imbalance between currencies depends on specific circumstances and there can be no assurances that the net transaction balance will not change significantly in the future.

Natural Gas Purchase Commitments. When market conditions warrant, we enter into purchase commitments to secure the supply of certain commodities used in the manufacture of our products, such as natural gas. However, we do not enter into derivatives or other financial instrument transactions for speculative purposes. At June 24, 2012, we had several purchase commitments in place for the delivery of natural gas in 2012 for a total cost of $2.5 million. These fixed price natural gas contracts may expose us to higher costs that cannot be recouped in selling prices in the event that the market price of natural gas declines below the contract price. As of June 24, 2012, we have fixed price natural gas purchase agreements for deliveries in 2012 that represent approximately 18 percent of our estimated natural gas consumption for the year.

Also see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in Part II of our 2011 Annual Report on Form 10-K and Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – “Risk Management” in this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 24, 2012. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such

information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decision regarding required disclosures.

The evaluation of our disclosure controls and procedures included a review of their objectives and design, our implementation of the controls and procedures and the effect of the controls and procedures on the information generated for use in this report. In the course of the evaluation, we sought to identify whether we had any data errors, control problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, was being undertaken if needed. This type of evaluation is performed on a quarterly basis so that conclusions concerning the effectiveness of our disclosure controls and procedures can be reported in our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K. Many of the components of our disclosure controls and procedures are also evaluated by our internal audit department, our legal department and by personnel in our finance organization. The overall goals of these various evaluation activities are to monitor our disclosure controls and procedures on an ongoing basis, and to maintain them as dynamic systems that change as conditions warrant.

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Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 24, 2012, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the most recent fiscal quarter ended June 24, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are party to various legal and environmental proceedings incidental to our business. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against us. Based on facts now known, we believe all such matters are adequately provided for, covered by insurance, are without merit and/or involve such amounts that would not materially adversely affect our consolidated results of operations, cash flows or financial position.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A – Risk Factors in Part I of our 2011 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. There have been no material changes from the risk factors described in our 2011 Annual Report on Form 10-K.

Item 6. Exhibits

3.1	Restated Articles of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).
3.2	Amended and Restated By-Laws of the Registrant (Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed May 25, 2010).
31.1	Certification of Steven J. Borick, Chairman, Chief Executive Officer and President, Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Kerry A. Shiba, Executive Vice President and Chief Financial Officer, Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Steven J. Borick, Chairman, Chief Executive Officer and President, and Kerry Shiba, Executive Vice President and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	Interactive data file (furnished electronically herewith pursuant to Rule 406T of Regulation S-T).

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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.

SUPERIOR INDUSTRIES INTERNATIONAL, INC.
(Registrant)

Date: August 3, 2012

/s/ Steven J. Borick
Steven J. Borick
Chairman, Chief Executive Officer and President

Date: August 3, 2012

/s/ Kerry A. Shiba
Kerry A. Shiba
Executive Vice President and Chief Financial Officer