NOBLE INTERNATIONAL, LTD.
Form 10-K
March 28, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-K

Annual Report Pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2006

Commission File No.: 001-13581

Noble International, Ltd.

(Exact name of registrant as specified in its charter)

Delaware **(State of incorporation)**	**38-3139487** **(I.R.S. Employer Identification No.)**
28213 Van Dyke Avenue	
Warren, Michigan **(Address of principal executive offices)**	**48093** **(Zip Code)**

Registrant s telephone number, including area code: (586) 751-5600

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

None

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

Title of each class	Name of each exchange on which registered
Common Stock, $.00067 par value	**NASDAQ National Market**

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

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

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 x No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ¨ Accelerated Filer x Non-Accelerated Filer ¨

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

The aggregate market value of the shares of common stock, $.00067 par value (Common Stock) held by non-affiliates of the registrant as of June 30, 2006 was approximately $169.9 million based upon the closing price for the Common Stock on the NASDAQ National Market on such date.

The number of shares of the registrant s Common Stock outstanding as of March 1, 2007 was 14,131,318.

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DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K (Report) incorporates by reference information (to the extent specific sections are referred to herein) from the Registrant s Proxy Statement for its 2007 Annual Meeting to be held June 19, 2007 (the 2007 Proxy Statement).

The matters discussed in this Report contain certain forward-looking statements. For this purpose, any statements contained in this Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as may, expect, believe, anticipate, estimate, or continue, the negative or other variations thereof, or comparable terminology, are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, including continued market demand for the types of products and services produced and sold by the Company, change in worldwide economic and political conditions and associated impact on interest and foreign exchange rates, the level of sales by original equipment manufacturers of vehicles for which the Company supplies parts, the successful integration of companies acquired by the Company, and changes in consumer debt levels.

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PART I

Item 1. Business

GENERAL

Noble International, Ltd. (we, us, our, Noble or the Company), through its subsidiaries, is a full-service provider of 21st Century Auto Body *Solutions®* primarily to the automotive industry. We utilize laser-welding, roll-forming, and other technologies to produce flat, tubular, shaped and enclosed formed structures used by original equipment manufacturers (OEMs) or their suppliers in automobile body applications including doors, fenders, body side panels, pillars, bumpers, door beams, load floors, windshield headers, door tracks, door frames, and glass channels.

We operate twelve locations in Michigan, Kentucky, Indiana, Ohio, Canada, Australia and Mexico. Executive offices are located at 28213 Van Dyke Ave, Warren, MI 48093, tel. (586) 751-5600. Our common stock is traded on the NASDAQ National Market under the symbol NOBL. Our website is *www.nobleintl.com.*

Our fiscal year is the calendar year. Any reference to a fiscal year in this Annual Report (Report) should be understood to mean the period from January 1 to December 31 of that year.

HISTORY AND BUSINESS DEVELOPMENT

GENERAL

We were incorporated on October 3, 1993 in the State of Michigan. On June 29, 1999, we reincorporated in the State of Delaware. Since our formation in 1993, we have completed numerous significant acquisitions and divestitures. As used in this Report, the term Company refers to Noble and its subsidiaries and their combined operations after consummation of all such acquisitions and divestitures.

Transactions with S.E.T. Steel, Inc.

On February 16, 2001, we acquired a 49% interest in S.E.T. Steel, Inc. (SET) for $3.0 million (the SET Acquisition). SET is a qualified minority business enterprise, providing metal processing services to OEMs. Contemporaneously with the SET Acquisition, we, through our wholly-owned subsidiary Noble Manufacturing Group, Inc. (NMG) (formerly known as Noble Technologies, Inc.), sold all of the capital stock of Noble Metal Processing Midwest, Inc. (NMPM) and Noble Metal Forming, Inc. (NMF) to SET for $27.2 million in exchange for a note due June 14, 2001. On June 28, 2001, SET completed bank financing of its purchase of NMF and NMPM and repaid the $27.2 million note to the Company with $24.7 million in cash and a $4.0 million, 12% subordinated note due in 2003. In addition, we guaranteed $10.0 million of SET s senior debt. During the quarter ended September 30, 2001, SET repurchased our 49% interest in SET for a $3.0 million, 12% subordinated note due in 2003.

On April 1, 2002, we converted our $7.6 million note receivable (representing the aggregate amount owing on the $4.0 million note and the $3.0 million note referenced in the preceding paragraph, including interest) from SET into preferred stock of SET. The preferred stock was non-voting and was redeemable at our option in 2007. We agreed to convert the subordinated promissory note to preferred stock to assist SET in obtaining capital without appreciably decreasing our repayment rights or jeopardize SET s minority status. We believed that continued support of SET furthered the joint strategic objectives of the two companies.

On August 1, 2003, SET completed its acquisition of Michigan Steel Processing, Inc. (MSP), a subsidiary of Sumitomo Corporation of America (SCOA). As part of the transaction, SCOA contributed 100% of the common stock of MSP in exchange for 45% of the common stock of SET. In addition, we reduced our guarantee of SET s senior debt from $10.0 million to $3.0 million. We exchanged our $7.6 million non-convertible,

non-voting redeemable preferred stock investment in SET for $7.6 million non-convertible, non-voting preferred stock which provided an 8% annual dividend, and was non-redeemable. In connection with the transaction, we were issued 4% of the outstanding common stock of SET. The excess of the estimated fair values of the preferred and common stock received over the carrying value of the redeemable preferred stock was recorded on our books as a component of other income in the 2003 statement of operations for approximately $0.3 million.

During the fourth quarter 2005, we recognized a $7.9 million impairment charge related to our common stock and preferred stock investments in SET based upon management s estimate of the fair value of these investments using a discounted cash flow model and other fair value tools in conjunction with SET s current and projected financial performance.

On October 6, 2006, in conjunction with a recapitalization of SET, we purchased an additional $2.4 million face value of preferred stock of SET from SCOA and Sumitomo Corporation for $2.0 million. After this transaction, we hold $10.0 million face value of preferred stock of SET. Pursuant to changes in the SET articles of incorporation, all of the preferred stock is non-voting and pays an annual dividend rate of 16.96%. After October 6, 2010 we have the unilateral right to sell and SET has the unilateral right to purchase the preferred shares for $10.0 million. In addition, we guarantee $3.0 million of SET s senior debt. This guarantee is reduced $0.5 million on a quarterly basis beginning in the first quarter of 2008. Concurrent with this transaction, we entered into a services agreement with SET to provide support services, including information technology, human resources, and other management services.

Sale of Logistics Group

On March 21, 2003, we completed the sale of our logistics group for approximately $11.1 million in cash and notes as well as the assumption of substantially all payables and liabilities. The transaction included cash of $2.0 million at closing, two short-term notes totaling approximately $5.1 million, a $1.5 million three-year amortizing note and a $2.5 million five-year amortizing note (collectively referred to as the Logistics Notes). The short-term notes were repaid in full during the third quarter of 2004. In the third quarter 2005, we established a credit reserve and recognized an impairment charge of $1.0 million based upon estimated proceeds realizable from the remaining amounts due on the Logistics Notes. In the fourth quarter of 2006, we collected all amounts owed to us under the Logistics Notes and reversed the $1.0 million credit reserve through an impairment recovery.

Acquisition of Prototube, LLC

On October 17, 2003, we acquired substantially all of the assets of Prototube, LLC (Prototube) from Weil Engineering GmbH and Global Business Support, LLC for $0.1 million in cash plus the assumption of $1.2 million in liabilities. Prototube manufactured a variety of products with applications in the aerospace, automotive, and other industries. Its products were roll-formed or stamped from flat steel or a laser welded blank, then, utilizing a proprietary technology, they were formed into a tube and laser welded. Prototube s production process allows parts to be produced in several different shapes including round, rectangular and oval from various types and thicknesses of steel, as well as aluminum. In addition to multiple thicknesses of metal, the Prototube technology can create multi-diameter products and join curved surfaces together by adjusting the output power of the laser.

Sale of Distribution Business

We made the decision to exit our distribution business in the fourth quarter 2003 and classified this operation as discontinued as of December 31, 2003. On January 28, 2004 we completed the sale of the distribution business to an entity in which the Company s Chairman and another officer had an interest for approximately $5.5 million in cash. An independent committee of the board of directors was established to evaluate, negotiate and complete the transaction. In addition, an independent fairness opinion regarding the transaction was obtained.

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Acquisition of Prototech Laser Welding, Inc.

On January 21, 2004, we completed the acquisition of Prototech Laser Welding, Inc. (LWI), a supplier of laser-welded blanks to General Motors, for approximately $13.6 million in cash and the assumption of approximately $0.7 million in subordinated debt and up to an additional $1.0 million payable if certain new business was awarded to us based upon quotes submitted within the twenty-four month period following the acquisition. It is anticipated that $0.17 million will be paid pursuant to this contingent consideration. As of December 31, 2006, $0.14 million was accrued, and $0.03 million was paid in 2006 pursuant to this contingent consideration.

Operations in Silao, Mexico

In January 2005, we completed the acquisition of the assets of Oxford Automotive Inc. s steel processing facility in Silao, Mexico the (Silao Facility) for $5.7 million in cash and the assumption of $1.1 million in operating liabilities. The facility supplies component blanks on a toll processing basis to the Mexican automotive industry. In the fourth quarter 2005, we entered into an agreement with Sumitomo Corporation and its affiliates (Sumitomo) to sell a 49% interest in the Silao Facility for consideration of approximately $5.5 million in cash and loans. We consolidate results of operations from the Silao Facility in our financial statements.

Acquisition of Pullman Industries, Inc.

In October 2006, we completed the acquisition of all outstanding common stock of Pullman Industries, Inc. (Pullman) for approximately $122.1 million, including cash of $90.7 million, the assumption of long-term debt of $22.0 million, and contingent consideration of approximately $14.0 million offset by cash acquired of $4.6 million. The contingent consideration is payable upon our receipt of amounts owed by certain customers. It is anticipated that this amount will be paid in the first two quarters of 2007. Pullman was a leading manufacturer of tubular and shaped structures using roll-forming and other processes, primarily for the automotive industry. Pullman operated four facilities in the United States and two facilities in Mexico.

In October 2006, in connection with the Pullman acquisition, we amended our existing bank credit facility by entering into an agreement for a five-year credit facility incorporating a $70.0 million term loan (U.S. Term Loan) and increasing our $35.0 million revolving credit to $40.0 million (U.S. Revolver). Payments on the U.S. Term Loan will commence in the first quarter of 2007 with quarterly payments of $3.25 million. After the Pullman acquisition, there was approximately $37.0 million available on the U.S. Revolver. The interest rates on both the U.S. Term Loan and the U.S. Revolver are variable at a certain spread above LIBOR depending upon our total debt to EBITDA ratio on a trailing twelve month basis. At the closing of the Pullman acquisition, the prime rate margin on the U.S. Term Loan was approximately 2.5%, and the prime rate margin on the U.S. Revolver was 1.95%. In accordance with these amendments, we granted to our lenders a security interest in substantially all of our assets.

For more information on the amendment of our bank credit facility, see Item 1A. Risk Factors; There is no guarantee that we will be able to comply with the terms of our credit facilities, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations; Liquidity and Capital Resources and Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements.

Convertible Subordinated Notes

In September 2006, we voluntarily redeemed $7.5 million of our $40.0 million Convertible Subordinated Notes (the Convertible Notes). In October 2006, we amended and restated the terms of the remaining $32.5 million Convertible Notes (as amended and restated, the Amended and Restated Convertible Notes). The

Amended and Restated Convertible Notes which formerly matured on March 31, 2007, provided for an October 2011 maturity date and a 6.0% interest rate payable semi-annually. The Amended and Restated Convertible Notes were convertible into common stock at $18.50 per share, except that the conversion price was subject to a mandatory reset at 125% of the 45-day trailing average closing price of our common stock at July 1, 2007. The Amended and Restated Convertible Notes were also subject to redemption by us, on or after the third anniversary date of issuance, if our common stock price exceeded 140% of the conversion price for at least 20 of the 30 consecutive trading days prior to the notice of redemption. The Amended and Restated Convertible Notes were also subject to mandatory redemption upon a change in control of the Company.

In connection with the Amended and Restated Convertible Notes, we agreed to file, within 75 days of the date of such agreement, and use our reasonable best efforts to cause to become effective within 135 days of the date of the agreement, a Registration Statement on Form S-3 with respect to the shares of our common stock issuable upon conversion of the Amended and Restated Convertible Notes. The Registration Statement on Form S-3 was declared effective by the Securities and Exchange Commission (SEC) on February 20, 2007.

Pursuant to the extension of the maturity date of the Amended and Restated Convertible Notes to October 2011, the amount outstanding on the Amended and Restated Convertible Notes has been classified as long-term at December 31, 2006. The Amended and Restated Convertible Notes are subordinated to all senior indebtedness of the Company.

In January 2007, we entered into a First Amendment to Amended and Restated Convertible Subordinated Notes (the Amended Convertible Notes), which serves to further amend the Amended and Restated Convertible Notes. Pursuant to the amendment of the Amended and Restated Convertible Notes: (i) the conversion price was increased from $18.50 to $19.50; (ii) the mandatory reset of the conversion price on July 1, 2007 to 125% of the 45-day trailing average closing price of our common stock was eliminated; (iii) the interest rate payable was increased from 6% to 8%; and (iv) the threshold price of our common stock required for our right to redeem some or all of the Amended Convertible Notes on or after the third anniversary date of issuance was decreased from 140% of the conversion price to 120% of the conversion price.

For more information on the Amended Convertible Notes, the Amended and Restated Convertible Notes, and the Convertible Notes, see Item 1A. Risk Factors; There is no guarantee that we will be able to comply with the terms of our credit facilities, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations; Liquidity and Capital Resources and Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements.

Formation of Chinese Joint Venture

In November 2006, we, through our subsidiary Noble Metal Processing Asia Limited (NMP Asia), entered into a joint venture agreement with WISCO Jiangbei Steel Processing and Logistics Co., LTD. (WISCO), a wholly-owned subsidiary of Wuhan Iron and Steel Group Company, for the establishment of a Chinese joint venture company (the Chinese Joint Venture) to manufacture and sell laser-welded blank products within the People s Republic of China (the PRC). In exchange for 50% ownership of the Chinese Joint Venture, each of NMP Asia and WISCO agreed to contribute $1.25 million to the Chinese Joint Venture, which will operate under the name WISCO Noble (Wuhan) Laser Welding Technology Co., Ltd.

Under the terms of the agreement, the Chinese Joint Venture would enter into a license agreement with NMP Asia (or its affiliates) wherein NMP Asia (or its affiliates) would provide certain technology and know-how to the Chinese Joint Venture in return for royalty payments from the sale of the Chinese Joint Venture s products. The Chinese Joint Venture would also enter into a steel supply agreement with WISCO (or one of its affiliates) providing for the supply of the steel necessary for the manufacture of the Chinese Joint Venture s products. We have also agreed to contribute operating management and technical expertise to the Chinese Joint Venture, as well as training to the Chinese Joint Venture associates. Each party has agreed to limit its ability to compete with the Chinese Joint Venture in the sale of the Chinese Joint Venture s products within the PRC.

In February 2007, the parties received approval for the Chinese Joint Venture by local governmental authorities within the PRC. Production is expected to begin in the second half of 2007.

For more information on the Chinese Joint Venture, see Item 1A. Risk Factors; The inability to effectively manage risks associated with international operations could adversely affect our business and Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements.

Acquisition of Tailored Laser Welded Blank Business of Arcelor, S.A.

In October 2006, we entered into a binding letter of intent with Arcelor, S.A., a Luxembourg Corporation (Arcelor), with respect to a strategic business combination involving substantially all of the tailored laser-welded blank business conducted by Arcelor and its affiliates in Europe, India, China and the U.S. (the Arcelor Business). Arcelor is a member of the Arcelor Mittal group, which is the world s leading steel company, with 330,000 employees in more than 60 counties.

In March 2007, we entered into a definitive Share Purchase Agreement with Arcelor, pursuant to which we will acquire the Arcelor Business in exchange for (i) 9.375 million newly-issued shares of our common stock, (ii) $116.3 million less capitalized lease obligations, accrued taxes and adjustments for working capital at closing to be paid in cash, and (iii) $15.0 million to be paid in the form of a 6% subordinated note maturing in 2012.

At closing, Arcelor will transfer (i) to one of our European subsidiaries, all the outstanding equity interests in a new Arcelor subsidiary that will own substantially all the outstanding Arcelor Business in Europe, China and India, and (ii) to one of our U.S. subsidiaries, all the outstanding equity interests in Arcelor s U.S. subsidiary that operates the U.S. portion of the Arcelor Business. The Arcelor Business we are acquiring does not include two laser-welded blank production plants owned by Arcelor subsidiaries in Belgium and Germany. In addition, subject to the approval of certain third parties, we may acquire the business of Powerlasers Limited, an affiliate of Arcelor, for an estimated purchase price of approximately $50 million (subject to adjustment based on the financial performance of Powerlasers Limited).

The Arcelor transaction is expected to close in the second or third quarter of 2007, subject to several conditions, including approval of the transaction by our stockholders and any requisite regulatory approval. For more information on this transaction, see Item 1A. Risk Factors; The inability to effectively manage risks associated with international operations could adversely affect our business, Item 1A. Risk Factors; Significant influence may affect our business and stockholders, Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements and our 2007 Proxy Statement, which may be obtained, when it becomes available, without charge at the SEC s website at www.sec.gov, or at the Company s website at www.nobleintl.com under the Investor Relations tab.

NARRATIVE DESCRIPTION OF INDUSTRY SEGMENT

As of December 31, 2006 our operating subsidiaries are organized into one reporting segment providing *21st Century Auto Body Solutions®* primarily to the automotive industry. This segment includes Noble Metal Processing (Warren, Michigan), Noble Metal Processing Kentucky, Noble Metal Processing Canada, Noble Metal Processing Australia, Noble Metal Processing Ohio, Noble Summit Metal Processing de Mexico (the Silao Facility), Noble Advanced Technologies (formerly Noble Tubular Products and Prototube), Pullman Industries (includes three Michigan facilities), Pullman Industries of Indiana, Pullman de Puebla (Mexico) and Pullman de Queretaro (Mexico). Customers include OEMs such as General Motors, DaimlerChrysler, Ford, Honda, Volkswagen and Nissan, as well as other companies that are suppliers to OEMs (Tier I suppliers). We, as a Tier I and a supplier to Tier I companies (Tier II) provide prototype, design, engineering, laser welded blanks and tubes, roll-formed products and other automotive component services.

Our manufacturing facilities in Warren, Michigan; South Haven, Michigan (2); Spring Lake, Michigan; Butler, Indiana; Shelbyville, Kentucky and Brantford, Canada have been awarded ISO 14001 and TS16949 certifications. Our facilities in Silao, Mexico and Queretaro, Mexico have been awarded TS16949 certifications. Our facility in Warren, Michigan has been awarded Q1 certification from Ford.

The process of laser-welding involves the concentration of a beam of light, producing energy densities of 16 to 20 million watts per square inch at the point where two metal pieces are to be joined. Laser-welding allows rapid weld speeds with low heat input, thus minimizing topical distortion of the metal and resulting in ductile and formable welds that have mechanical properties comparable to, or in some cases superior to, the metal being welded. Laser welds provide improved performance as well as visual aesthetics and allow significant automation of the welding process.

The integration of the Pullman roll-forming and *P-tech*® hot forming technology with our laser-welding technology further enhances our *21st Century Auto Body Solutions*® strategy. Roll-forming is a continuous, rapid, low-scrap forming method that improves upon the production cost and tooling burden of traditional metal stamping. Parts are formed into final shape progressively passing through sets of roller dies. As an additional competitive advantage, this forming method can be used with ultra high strength steels that cannot be stamped, furthering our ability to supply parts for advancing vehicle structures. Roll-formed components are applied to the vehicle in the trim, base structure, and impact system areas. With *P-tech*® hot forming, low-cost, heat treatable steel is formed into highly complex and efficient engineered structures, and then heat treated to form the strongest of steels: martensite. This unique combination of formability and strength enables our engineers to provide impact structure to the automakers with aluminum-like strength to weight performance while maintaining the cost advantages of steel. Combined with roll-forming, the proprietary *P-tech*® hot forming technology places us at the forefront of impact structure and energy management design and production. Both roll-forming and *P-tech*® add up to 15 unique product applications to our portfolio, but more important, they complement most of the existing product applications by adding additional cost, weight and strength efficiencies.

The combination of laser-welding, roll-forming and *P-tech*® technologies offers significant advantages over other welding and forming technologies, including cost, weight and safety benefits. We have developed a technology and production process that we believe permits us to produce products more quickly and with higher quality and tolerance levels than our competitors. The UltraLight Steel Auto Body Consortium, a worldwide industry association of steel producers, commissioned a study which concluded that laser welded blanks and tubes will play a significant role in car manufacturing in the next decade as the automotive industry is further challenged to produce lighter cars for better fuel economy with enhanced safety features and lower manufacturing costs. The studies identified 19 potential applications for laser-welding blanks per vehicle. We have identified nine additional potential applications. In addition, we have identified 17 potential applications for laser welded tubular structures.

We market our products to automakers by promoting the integrated benefits of laser-welding and roll-formed products. We have quantified the benefits of incorporating our products into customer vehicles, which may include lower total cost, lower vehicle weight, improved crash performance and reductions in steel usage. Our sales force actively markets our products to automaker engineers as well as to management to drive penetration of our products into more vehicles.

Design and Engineering

The development of new automobile models or the redesign of existing models generally begins two to five years prior to the marketing of such models to the public. Our engineering staff typically works with OEM and Tier I engineers early in the development phase to design specific automotive body components for the new or redesigned models. We also provide other value-added services, such as prototyping, to our customers.

Our engineering and research staff designs and integrates proprietary laser-welding and roll-formed systems using the latest design techniques. These systems are for our exclusive use and are not marketed or sold to third parties. Continued strategic investment in process technology is essential for us to remain competitive in the markets we serve, and we plan to continue to make research and development expenditures. During the years ended December 31, 2006, 2005 and 2004, we expensed $0.7 million, $0.2 million and $0.2 million, respectively, on research and development.

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Noble Advanced Technologies (NAT) is an organization within Noble which is completely dedicated to product and process research and development activities. The NAT product application engineers enter early into the automaker s design process to gain better access to component sales. Several new processes are under development to enhance market competitiveness and scope for the auto structures. Research spans laser-welding, roll-forming, and metallurgical transformation processes and includes supporting design and simulation techniques. NAT is responsible for our intellectual property development and protection.

Marketing

Our sales and engineering staff is located in direct proximity to major customers. Typically, OEMs and Tier I suppliers conduct a competitive bid process to select suppliers for the parts that are to be included in end products. Our direct sales force, marketing and technical personnel work closely with OEM engineers to satisfy the OEMs specific requirements. In addition, our technical personnel spend a significant amount of time assisting OEM engineers in product planning and integration of our products in future automotive models.

Raw Materials

The raw materials required for our products include rolled steel, coated steel, and gases including helium, carbon dioxide and argon. We obtain our raw materials and purchased parts from a variety of suppliers. We do not believe that we are dependent upon any one of our suppliers, despite concentration of purchasing of certain materials from a few sources, as other suppliers of the same or similar materials are readily available. We typically purchase our raw materials on a purchase order basis as needed and have generally been able to obtain adequate supplies of raw materials for our operations. The majority of the steel used in our operations is purchased through OEMs steel buying programs. Under these programs we purchase the steel from specific suppliers at the steel price the customer negotiated with the steel suppliers. Although we do take ownership and the attendant risks of ownership of the steel, the price at which the steel is purchased is fixed for the duration of each program. Further, a portion of the automotive operations involves the toll processing of materials supplied by another Tier I supplier, typically a steel manufacturer or processor. Under these toll processing arrangements, we charge a specified fee for operations performed without acquiring ownership of the steel.

Patents and Trademarks

We own numerous patents and patents pending and certain trademarks related to our products and methods of manufacturing. It is our belief that the loss of any single patent or group of patents would not have a material adverse effect on our business. We also have proprietary technology and equipment that constitute trade secrets, which we have chosen not to register to avoid public disclosure thereof. We rely upon patent and trademark law, trade secret protection and confidentiality or license agreements with our employees, customers and third parties to protect our proprietary rights.

Seasonality

Our operations are largely dependent upon the automotive industry, which is highly cyclical and is dependent upon consumer spending. In addition, the automotive component supply industry is somewhat seasonal. Increased revenues and operating profit are generally experienced during the second calendar quarter as a result of the automotive industry s spring selling season, the peak sales and production period of the year. Revenue and operating profit generally decrease during July and December of each year as a result of changeovers in production lines for new model years as well as scheduled OEM plant shutdowns for vacations and holidays. For more information on this topic, see Item 1A. Risk Factors; Our business could be adversely affected by the cyclicality and seasonality of the automotive industry.

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CUSTOMERS

In 2006, automotive industry customers accounted for substantially all of our consolidated net sales. Certain customers accounted for significant percentages (greater than 10%) of our consolidated net sales for the years ended December 31 as follows:

	2006	2005	2004
DaimlerChrysler	40%	37%	34%
General Motors	24%	21%	24%
Ford Motor Company	20%	28%	29%

For more information on the concentrated nature of our significant customers, see Item 1A. Risk Factors; The loss of any significant customer or the failure of any significant customer to pay amounts due to us could have a material adverse effect on our business.

COMPETITION

The automotive component supply and tooling component industries are highly competitive. Our primary competitors across various markets are TWB Company, Shiloh Industries, Powerlasers, Shape Corporation, Magna International, Global Automotive Systems and Flex-N-Gate, among others. In addition, some OEMs produce some of the products we provide in-house. Competition is based on many factors, including engineering, product design, process capability, quality, cost, delivery and responsiveness. We believe that our performance record places us in a strong competitive position although there can be no assurance that we can continue to compete successfully against existing or future competitors in each of the markets in which we compete. For more information on this topic, see Item 1A. Risk Factors; Our business faces substantial competition.

ENVIRONMENTAL MATTERS

We are subject to environmental laws and regulations concerning emissions to the air, discharges to waterways, and generation, handling, storage, transportation, treatment and disposal of waste materials. We are also subject to other federal and state laws and regulations regarding health and safety matters. Each of our production facilities have permits and licenses allowing and regulating air emissions and water discharges. We believe that we are currently in compliance with applicable environmental and health and safety laws and regulations. For more information on this topic, see Item 1A. Risk Factors; We are subject to the requirements of federal, state and local environmental and occupational health and safety laws and regulations.

EMPLOYEES

As of December 31, 2006, we employed approximately 2,100 associates including approximately 1,700 production employees and 400 managerial, engineering, research and administrative personnel. Approximately 1,200 associates are employed in the United States. For additional information about our employees, see Item 1A. Risk Factors; Our business could be adversely affected by the risk of labor interruptions.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

International operations are subject to certain additional risks inherent in conducting business outside the United States such as changes in currency exchange rates, price and currency exchange controls, import restrictions, nationalization, expropriation and other governmental action. The tables below identify the breakdown of our revenues by country (which are classified based upon country of production) and long-lived assets by country, which consist primarily of fixed assets (in thousands):

Net Sales	**2006**	**2005**	**2004**
United States	$ 279,205	$ 248,234	$ 249,214
Canada	127,893	110,507	82,982
Mexico	23,572	4,400	
Australia	10,702	679	415

	$ 441,372	$ 363,820	$ 332,611

Long-Lived Assets	2006	2005	2004
United States	$ 174,438	$ 63,022	$ 67,036
Canada	6,698	4,982	4,445
Mexico	33,795	11,349	
Australia	1,066	1,103	483
	$ 215,997	$ 80,456	$ 71,964

For additional information about our overall financial results, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to these reports, are available without charge through our website, *www.nobleintl.com*, as soon as reasonably practicable after we file these reports electronically or furnish them to the SEC. Except as otherwise stated in these reports, the information contained on our website or available by hyperlink from our website is not incorporated into this Report or other documents we file with, or furnish to, the SEC. The public may read and copy any materials that we file with the SEC at the SEC s Public Reference Room located at 100 F Street NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of our reports on its website, *www.sec.gov*.

Item 1A. Risk Factors

The following factors are important and should be considered carefully in connection with any evaluation of our business, financial condition, results of operations and prospects. Additionally, the following factors could cause our actual results to differ materially from those reflected in any forward-looking statements.

There is no guarantee that we will be able to comply with all the terms of our credit facilities. To finance our operations, including costs related to various acquisitions, we have incurred indebtedness. At December 31, 2006, to finance our U.S. and Canadian operations, we maintain a $40.0 million revolving credit facility (U.S. Revolver) and a $70.0 million term loan (U.S. Term Loan) through a syndicate of commercial banks. These credit facilities were entered into in October 2006 in connection with our acquisition of Pullman. Prior to October 2006, we maintained a $35.0 million revolving credit facility with one commercial bank. The U.S. Revolver and U.S. Term Loan mature in October 2011. The U.S. Revolver is subject to a borrowing base formula based upon eligible accounts receivable and inventory in the U.S. and Canadian operations. We are required to pay $3.25 million each quarter on the U.S. Term Loan beginning in the first quarter 2007 until maturity. The credit facilities are secured by all U.S. tangible and intangible assets with the first perfected pledge of 100% of the stock of all domestic subsidiaries and 65% of the stock of foreign subsidiaries. There was $17.2 million outstanding on the U.S. Revolver and $70.0 million outstanding on the U.S. Term Loan at December 31, 2006. The credit facilities are subject to customary financial and other covenants including, but not limited to, limitations on debt, consolidations, mergers, and sales of assets, and bank approval on acquisitions over $15.0 million. At December 31, 2006, we were in compliance with all of the terms of our credit facilities.

At December 31, 2006, to finance our Mexican operations (excluding the Silao Facility), we maintain a $4.5 million revolving credit facility (Mexico Revolver) and a $7.9 million term loan (Mexico Term Loan) with a commercial bank. We assumed these credit facilities in connection with the Pullman acquisition. The Mexico Revolver matures in May 2007 and is expected to be renewed. There was $4.5 million outstanding on the Mexico Revolver at December 31, 2006. The borrowing base formula on the Mexico Revolver is 85% of eligible accounts receivable. The Mexico Term Loan matures in March 2009. We paid $1.0 million on our Mexico Term

Loan in the fourth quarter 2006 and are scheduled to pay $2.4 million, $3.7 million and $1.8 million in 2007, 2008 and 2009, respectively. These credit facilities are secured by substantially all of our Mexican operations tangible and intangible assets (excluding the Silao Facility). In addition to certain financial covenants, these credit facilities place restrictions on our ability to incur additional indebtedness or pledge assets in our Mexican operations (excluding the Silao Facility). At December 31, 2006, we were in compliance with all terms of our Mexican credit facilities.

In October 2006, we amended and restated our $32.5 million 4% unsecured convertible subordinated notes (Amended and Restated Convertible Notes). The Amended and Restated Convertible Notes paid interest at 6% per annum and had an initial conversion price of $18.50, which was subject to a mandatory reset at 125% of the 45-day trailing average closing common stock price at July 1, 2007. The Amended and Restated Convertible Notes mature in October 2011, and we have certain redemption call rights in October 2009. The Amended and Restated Convertible Notes do not restrict the payment of dividends. In January 2007, we further amended the Amended and Restated Convertible Notes to increase the conversion price to $19.50, eliminate the reset provision and increase the interest rate to 8%.

Our business is subject to all of the risks associated with substantial leverage, including the risk that available cash may not be adequate to make required payments. Our ability to satisfy outstanding debt obligations from cash flow is dependent upon our future performance and is subject to financial, business and other factors, many of which may be beyond our control. In the event that we do not have sufficient cash resources to satisfy our repayment obligations, we would be in default under the agreements pursuant to which such obligations were incurred, which would have a material adverse effect on our business. To the extent that we are required to use cash resources to satisfy interest payments to the holders of outstanding debt obligations, we will have fewer resources available for other purposes. We may increase our leverage in the future, whether as a result of operational or financial performance, acquisition or otherwise.

The loss of any significant customer or the failure of any significant customer to pay amounts due to us could have a material adverse effect on our business. Sales to the automotive industry accounted for substantially all of our net sales in 2006. In addition, our automotive sales are highly concentrated among a few major OEMs and Tier I suppliers. As is typical in the automotive supply industry, we have no long-term contracts with any of our customers. Our customers provide annual estimates of their requirements; however, sales are made on a short-term purchase order basis. There is substantial and continuing pressure from the major OEMs and Tier I suppliers to reduce costs, including the cost of products purchased from outside suppliers. If in the future we are unable to generate sufficient production cost savings to offset price reductions, our gross margins could be adversely affected.

Acquisitions could materially and adversely affect our financial performance. The automotive component supply industry is undergoing consolidation as OEMs seek to reduce both their costs and their supplier base. Future acquisitions may be made to enable us to expand into new geographic markets, add new customers, provide new products, expand manufacturing and service capabilities and increase automotive model penetration with existing customers. We may not be successful in identifying appropriate acquisition candidates or in successfully combining operations with such candidates if they are identified. It should be noted that any acquisitions could involve the dilutive issuance of equity securities or the incurrence of debt. In addition, acquisitions involve numerous other risks, including difficulties in assimilation of the acquired company s operations following consummation of the acquisition, the diversion of management s attention from other business concerns, risks of producing products we have limited experience with, the potential loss of key customers of the acquired company, and the ability of pre-acquisition due diligence to identify all possible issues that may arise with respect to products of the acquired company. As an example, we have recently announced the execution of definitive agreements related to our acquisition of substantially all of the Arcelor Business in Europe, China, India and the U.S. Any one or more of the above-identified risks (or other risks not identified above) could be realized in the context of assimilating the Arcelor Business, its customers, suppliers and personnel.

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Our business may be adversely affected by the failure to obtain business on new and redesigned model introductions. Our automotive product lines are subject to change as our customers, including both OEMs and Tier I suppliers, introduce new or redesigned products. We compete for new business both at the beginning of the development phase of new vehicle models, which generally begins two to five years prior to the marketing of such models to the public, and upon the redesign of existing models. Our net sales would be adversely affected if we fail to obtain business on new models, fail to retain or increase business on redesigned existing models, if our customers do not successfully introduce new products incorporating our products, or if market demand for these new products does not develop as anticipated.

Our business faces substantial competition. Markets for all of our products are extremely competitive. We compete based upon a variety of factors, including engineering, product design, process capability, quality, cost, delivery and responsiveness. In addition, with respect to certain of our products, we face competition from divisions of our OEM customers. Our business may be adversely affected by competition, and we may not be able to maintain our profitability if the competitive environment changes.

We are dependent upon the continuous improvement of our production technologies. Our ability to continue to meet customer demands within our automotive operations with respect to performance, cost, quality and service will depend, in part, upon our ability to remain technologically competitive with our production processes. New automotive products are increasingly complex, require increased welding precision, use of various materials and have to be run at higher production speeds and with lower scrap ratios in order to reduce costs. The investment of significant additional capital or other resources may be required to meet this continuing challenge. If we are unable to improve our production technologies, we may lose business and possibly be forced to exit from the particular market.

Our dedication of design and engineering resources may have a material adverse effect on our financial condition, cash flow or results of operations. Within the automotive industry, OEMs and Tier I suppliers require their suppliers to provide design and engineering input during the product development process. The direct costs of design and engineering are generally borne by our customers. However, we bear the indirect cost associated with the allocation of design and engineering resources to such product development projects. Despite our up-front dedication of design and engineering resources, our customers are under no obligation to order the subject components or systems from us following their development. In addition, when we deem it strategically advisable, we may also bear the direct up-front design and engineering costs as well.

Our business could be adversely affected by the cyclicality and seasonality of the automotive industry. The automotive industry is highly cyclical and dependent on consumer spending. Economic factors adversely affecting automotive production and consumer spending could adversely impact our business. In addition, the automotive component supply industry is somewhat seasonal. Our need for continued significant expenditures for capital equipment purchases, equipment development and ongoing manufacturing improvement and support, among other factors, make it difficult for us to reduce operating expenses in a particular period if our net sales forecasts for such period are not met, because a substantial component of our operating expenses are fixed costs. Generally, revenue and operating profit increase during the second calendar quarter of each year as a result of the automotive industry s spring selling season, which is the peak sales and production period of the year. Revenue and operating profit generally decrease during July and December of each year as a result of changeovers in production lines for new model years as well as scheduled OEM plant shutdowns for vacations and holidays.

Our historical results of operations have generally not reflected typical cyclical or seasonal fluctuations in revenues and operating profit. The acquisitions and divestitures completed by us and new product sales growth have resulted in a growth trend through successive periods, which has masked the effect of typical seasonal fluctuations. We may not continue our historical growth trend, continue to be profitable, or conform to industry norms for seasonality in future periods.

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We are subject to U.S. and global economic risks and uncertainties. Demand in the automotive industry is significantly dependent on the U.S. and the global economies, and our business and profitability are exposed to current and future uncertainties. Demand in the automotive industry fluctuates in response to overall economic conditions and is particularly sensitive to changes in interest rate levels, consumer confidence and fuel costs. The threat or act of terrorism and war, the recession, higher energy costs and other recent developments have adversely affected consumer confidence throughout the U.S. and much of the world, and exacerbated the uncertainty in our markets. The future impact resulting from changes in economic conditions is difficult to predict. Our results of operations would be harmed by any sustained weakness in demand or continued downturn in the economy.

Our net sales are impacted by automotive retail inventory levels and production schedules. In recent years, OEM customers have significantly reduced their production and inventory levels due to the uncertain economic environment. It is extremely difficult to predict future production rates and inventory levels for such OEM customers. Any additional decline in production rates and/or inventory levels would adversely affect our operating results.

We are under pressure from our customers to reduce prices. We and other suppliers to the automotive markets face continued price reduction pressure from our customers. The U.S.-based OEMs, in particular, have experienced significant market share erosion to non-U.S.-based OEMs over the past few years, thereby putting pressure on their profitability. These OEMs respond by pressuring their suppliers, including us, to reduce the prices of products sold to such OEMs. To the extent this trend continues, the price reduction pressures experienced will be ongoing. While we constantly strive to sustain and improve our margins through a variety of efforts, we may not be able to maintain or improve our operating results in the face of such price reduction pressures.

Our business could be adversely affected by the risk of labor interruptions. Within the automotive supply industry, substantially all of the hourly employees of the OEMs and many Tier I suppliers are represented by labor unions and work pursuant to collective bargaining agreements. The failure of any of our significant customers to reach agreement with a labor union on a timely basis, resulting in either a work stoppage or strike, could have a material adverse effect on our business. A summary of our union relationships is summarized in the following table:

Facility	Union	Contract Start Date	Contract End Date
Warren, MI	UAW 155	Jan 2004	Dec 2009
South Haven, MI (1)	UAW 1210	Sep 2005	Sep 2010
South Haven, MI (2)	Teamsters 7	Oct 2005	Oct 2009
Silao, MEX	Confederation of Mexican Workers	Annual	Annual
Puebla, MEX	Confederation of Workers & Farm Laborers	Annual	Annual
Queretaro, MEX	Confederation of Workers & Farm Laborers	Annual	Annual

Although no facility has been subject to a strike, lockout or other major work stoppage, any such incident would have a material adverse effect on our operating profit. Any facility not listed above does not have a union relationship.

We may incur losses as a result of product liability exposure. As a supplier to the automotive market, we face an inherent business risk of exposure to product liability claims if the failure of one of our products results in personal injury or death. Material product liability losses may occur in the future. In addition, if any of our products prove to be defective, we may be required to participate in a recall involving such products. We maintain insurance against product liability claims, but there can be no assurance that such coverage may be adequate or may continue to be available to us on acceptable terms or at all. A successful claim brought against us in excess of available insurance coverage or a requirement to participate in any product recall could have a material adverse effect on our business.

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We are subject to the requirements of federal, state and local environmental and occupational health and safety laws and regulations. Although we have made and will continue to make expenditures to comply with environmental requirements, these requirements are constantly evolving, and it is impossible to predict whether compliance with these laws and regulations may have a material adverse effect on us in the future. If a release of hazardous substances occurs on or from our properties or from any of our disposals at offsite disposal locations, or if contamination is discovered at any of our current or former properties, we may be held liable, and the amount of such liability could be material.

Our ability to operate efficiently may be impaired if we lose key personnel. Our operations are dependent upon our ability to attract and retain qualified employees in the areas of engineering, operations and management, and are greatly influenced by the efforts and abilities of our Chairman and executive officers. We have employment agreements with our Chairman and several executive officers. We do not maintain key-person life insurance on our executives.

Significant influence may affect our business and stockholders. Our Chairman, Robert J. Skandalaris owns and/or controls approximately 16% of our outstanding common stock. If we complete the acquisition of the Arcelor Business, Arcelor will own approximately 40% of our then outstanding common stock. As a result, Mr. Skandalaris and Arcelor, individually and collectively will be able to exert significant influence over the outcome of all matters submitted to a vote of our stockholders, including the election of directors, amendments to our Certificate of Incorporation and approval of significant corporate transactions. In addition, if we complete the acquisition of the Arcelor Business, Mr. Skandalaris and Arcelor have agreed to vote similarly on various strategic and extraordinary matters. Such consolidation of voting power could also have the effect of delaying, deterring or preventing a change in control that might be beneficial to other stockholders.

Certain provisions of our Certificate of Incorporation and Bylaws may inhibit changes in control not approved by the Board of Directors. These anti-takeover provisions include: (i) a prohibition on stockholder action through written consents; (ii) a requirement that special meetings of stockholders be called only by the Board of Directors; (iii) advance notice requirements for stockholder proposals and nominations and; (iv) limitations on the ability of stockholders to amend, alter or repeal the Bylaws. We are also afforded the protections of Section 203 of the Delaware General Corporation Law, which could have similar effects.

The inability to effectively manage risks associated with international operations could adversely affect our business. We operate international production facilities in Canada, Australia and Mexico. In November 2006, we announced our entry into the Chinese Joint Venture relationship with WISCO in the PRC. We also announced, in October 2006, our execution of a binding letter of intent to engage in a strategic business combination with the Arcelor Business, which has significant operations in Europe, India and China. In March 2007, we announced our execution of definitive agreements relating to our strategic business combination with the Arcelor Business. While the Chinese Joint Venture with WISCO has not commenced operations, and we have not yet completed the acquisition of the Arcelor Business, we expect each to occur in the 2007 calendar year. Our business strategy may include the further continued expansion of international operations. As we expand our international operations, we will increasingly be subject to the risks associated with such operations, including: (i) fluctuations in currency exchange rates; (ii) compliance with local laws and other regulatory requirements; (iii) restrictions on the repatriation of funds; (iv) inflationary conditions; (v) political and economic instability; (vi) war or other hostilities; (vii) overlap of tax structures; and (viii) expropriation or nationalization of assets.

We cannot predict the effect that future sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect the market price of our common stock. On January 10, 2006, our Board of Directors authorized and declared a three-for-two stock split of our common stock to shareholders of record on January 27, 2006, effected on February 3, 2006 (the Stock Split). As a result of the Stock Split, the total float of our shares of common stock increased proportionately, thereby increasing the potential future sales of common stock. Approximately 16% of the shares of common stock currently issued and outstanding are restricted securities as

that term is defined under Rule 144 under the Securities Act of 1933, as amended (Rule 144), and may not be sold unless they are registered or unless an exemption from registration, such as the exemption provided by Rule 144, is available. All of these restricted securities are currently eligible for resale pursuant to Rule 144, subject in most cases to the volume and manner of sale limitations prescribed by Rule 144.

Trading price volatility may adversely affect the market price of our common stock. The trading price of our common stock could be subject to significant fluctuations in response to, among other factors, variations in operating results, developments in the automotive industry, general economic conditions, fluctuations in interest rates and changes in securities analysts recommendations regarding our securities.

The failure of SET could have material adverse affect on our financial condition. We currently hold $10.0 million face value of SET preferred stock and 4% of the issued and outstanding shares of SET common stock. The investment in preferred stock is recorded at $1.95 million at December 31, 2006. There is no amount recorded for the investment in common stock. In addition, we provide a $3.0 million guarantee of SET s senior debt. This guarantee is reduced $0.5 million on a quarterly basis beginning in the first quarter 2008. The failure of SET s business could materially adversely affect our financial condition if it resulted in SET s inability to pay dividends or its senior debt resulting in our requirement to perform under the guarantee. In addition, our relationship with SET provides minority content in product sold to certain OEMs. These OEMs use a supplier s percentage of minority content as a consideration when awarding new business. To the extent that we could not replace minority content provided by SET with content from another minority business enterprise, the failure of SET could affect the future award of new business.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2006, we operated seven production facilities in the United States, one facility in Canada, one facility in Australia, and three facilities in Mexico. These facilities are used for multiple purposes and range in size from 38,000 square feet to 524,000 square feet, with an aggregate of 1.724 million square feet. We own two facilities in Mexico and one facility in the United States. The other production facilities are leased under operating leases with expiration dates ranging from 2008 to 2019.

In addition, we have a facility lease (69,000 square feet) assumed in the LWI acquisition that is currently not being used in operations. In May 2006, we entered into an agreement to sublease this building. Both leases expire in 2007.

None of our facilities, other than the LWI facility, is materially underutilized. We believe that all of our property and equipment, owned or leased, is in good, working condition, is well maintained and provides sufficient capacity to meet our current and expected manufacturing and distribution needs.

Item 3. Legal Proceedings

We are not a party to any legal proceedings, other than routine litigation incidental to our business, none of which is material.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

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PART II

Item 5. Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common