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 29, 2008

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 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 $0.50 par value common stock outstanding as of July 27, 2008: 26,658,940

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

Superior Industries International, Inc.
Condensed Consolidated Statements of Operations
(Thousands of dollars, except per share data)
(Unaudited)

	Thirteen Weeks Ended June 29, 2008	Thirteen Weeks Ended July 1, 2007 As Restated	Twenty-Six Weeks Ended June 29, 2008	Twenty-Six Weeks Ended July 1, 2007 As Restated
NET SALES	$ 217,385	$ 255,217	$ 439,623	$ 500,092
Cost of sales	205,331	241,639	418,183	484,369
GROSS PROFIT	12,054	13,578	21,440	15,723
Selling, general and administrative expenses	6,900	9,037	13,110	15,952
INCOME (LOSS) FROM OPERATIONS	5,154	4,541	8,330	(229)
Interest income, net	706	1,066	1,686	1,888
Other income (expense), net	(1,464)	(486)	(1,906)	1,888
INCOME BEFORE INCOME TAXES AND EQUITY EARNINGS	4,396	5,121	8,110	3,547
Income tax benefit (provision)	79	(2,620)	(2,541)	187
Equity in earnings of joint ventures	620	731	2,705	1,549
NET INCOME	$ 5,095	$ 3,232	$ 8,274	$ 5,283
EARNINGS PER SHARE - BASIC	$ 0.19	$ 0.12	$ 0.31	$ 0.20
EARNINGS PER SHARE - DILUTED	$ 0.19	$ 0.12	$ 0.31	$ 0.20
DIVIDENDS DECLARED PER SHARE	$ 0.16	$ 0.16	$ 0.32	$ 0.32

See notes to condensed consolidated financial statements.

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Superior Industries International, Inc.
Condensed Consolidated Balance Sheets
(Thousands of dollars, except per share data)
(Unaudited)

	June 29, 2008	December 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 98,110	$ 106,769
Accounts receivable, net	149,811	125,704
Inventories, net	104,088	107,170
Income taxes receivable	2,021	6,677
Deferred income taxes	9,172	6,569
Other current assets	9,512	3,190
Total current assets	372,714	356,079
Property, plant and equipment, net	294,927	302,253
Investments	57,509	51,055
Noncurrent deferred income taxes	24,061	12,673
Other assets	6,770	7,862
Total assets	$ 755,981	$ 729,922
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 41,160	$ 51,603
Accrued expenses	44,735	43,993
Total current liabilities	85,895	95,596
Noncurrent tax liabilities	60,804	62,223
Noncurrent deferred income taxes	23,598	-
Executive retirement liabilities	21,589	21,530
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, $25.00 par value		
Authorized - 1,000,000 shares		
Issued - none	-	-
Common stock, $0.50 par value		
Authorized - 100,000,000 shares		
Issued and outstanding - 26,658,940 shares		
(26,633,440 shares at December 30, 2007)	13,329	13,317
Additional paid-in capital	40,074	38,516
Accumulated other comprehensive loss	(16,372)	(28,578)
Retained earnings	527,064	527,318
Total shareholders' equity	564,095	550,573
Total liabilities and shareholders' equity	$ 755,981	$ 729,922

See notes to condensed consolidated financial statements.

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Superior Industries International, Inc.
Condensed Consolidated Statements of Cash Flows
(Thousands of dollars)
(Unaudited)

	Twenty-Six Weeks Ended	
	June 29, 2008	July 1, 2007
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,141	$ 39,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(5,855)	(29,417)
Proceeds from sales of fixed assets	133	-
Proceeds from a held-to-maturity security	-	9,750
Proceeds from sale of available-for-sale securities	-	4,927
NET CASH USED IN INVESTING ACTIVITIES	(5,722)	(14,740)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(8,528)	(8,510)
Stock options exercised	450	41
NET CASH USED IN FINANCING ACTIVITIES	(8,078)	(8,469)
Net increase (decrease) in cash and cash equivalents	(8,659)	15,798
Cash and cash equivalents at the beginning of the period	106,769	68,385
Cash and cash equivalents at the end of the period	$ 98,110	$ 84,183

See notes to condensed consolidated financial statements.

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

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
BALANCE AT DECEMBER 30, 2007	26,633,440	$ 13,317	$ 38,516	$ (28,578)	$ 527,318	$ 550,573
Comprehensive income:						
Net income	-	-	-	-	8,274	8,274
Other comprehensive income, net of tax:						
Foreign currency translation adjustment	-	-	-	12,157	-	12,157
Net actuarial loss on pension obligation	-	-	-	49	-	49
Total comprehensive income (a)						20,480
Stock-based compensation expense	-	-	1,208	-	-	1,208
Stock options exercised	25,500	12	437	-	-	449
Tax impact of stock options exercised	-	-	(87)	-	-	(87)
Cash dividend declared ($0.32 per share)	-	-	-	-	(8,528)	(8,528)
BALANCE AT JUNE 29, 2008	26,658,940	$ 13,329	$ 40,074	$ (16,372)	$ 527,064	$ 564,095

(a) Comprehensive income, net of tax was $6,019,000 for the twenty-six weeks ended July 1, 2007, which included: net income of $5,283,000, foreign currency translation adjustment gain of $2,235,000, a reclassification of realized gain on available-for-sale securities of $(1,498,000) and an unrealized loss on available-for-sale securities of $(1,000).

See notes to condensed consolidated financial statements.

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Superior Industries International, Inc.
Notes to Condensed Consolidated Financial Statements
June 29, 2008
(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", "Superior" or in the first person notation "we," "us" and "our") is the design and manufacture aluminum road wheels for sale to original equipment manufacturers (OEM). We are one of the largest suppliers of cast and forged aluminum wheels to the world's leading automobile and light truck manufacturers, with wheel manufacturing operations in the United States, Mexico and Hungary.

Ford Motor Company (Ford), General Motors Corporation (GM) and Chrysler LLC (Chrysler) together represented approximately 80 percent of our total wheel sales during the first two fiscal quarters of 2008 and 82 percent of annual wheel sales for the 2007 fiscal year. The loss of all or a substantial portion of our sales to Ford, GM or Chrysler would have a significant adverse impact on our financial results, unless the lost volume could be replaced. This risk is partially mitigated due to the long term relationships with these customers and the fact that our supply arrangements with them are generally for multi-year periods. However, situations such as the recent consumer shift away from SUVs and trucks to more fuel-efficient vehicles and continued global competitive pricing pressures may make it more difficult to maintain these long-term arrangements and there are no guarantees that similar arrangements could be negotiated in the future. We expect this recent shift to more fuel-efficient vehicles and the global competitive pricing pressures to continue in the foreseeable future. Including our 50 percent owned joint venture in Europe, we also manufacture aluminum wheels for Audi, BMW, Fiat, Jaguar, Land Rover, Mazda, Mercedes Benz, Mitsubishi, Nissan, Seat, Skoda, Subaru, Suzuki, Toyota, Volkswagen and Volvo.

The availability and demand for aluminum wheels are subject to unpredictable factors, such as changes in the general economy, the automobile industry, gasoline prices and consumer interest rates. 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 – Out-of-Period Adjustments

During the second quarter of 2008, we identified errors totaling $1.3 million in the timing of recognition of revenues related to tooling reimbursement. Of this error, $1.0 million should have been recorded as an increase to the revenue line in the prior quarter and the remaining $0.3 million should have been recorded as an increase to the revenue line in the prior year. The second quarter of 2008 also included a $0.2 million expense for taxes other than income that should have been recorded in the first quarter of 2008. Management has concluded that the impact of these errors are not material to the consolidated financial statements for the thirteen and twenty-six week periods ended June 29, 2008, the thirteen-week period ended March 30, 2008, the estimated full year 2008 or for the fourth quarter and year ended December 31, 2007. As these errors are not material to the consolidated financial statements, the corrections have been recorded in the second quarter of 2008.

Note 3 – Presentation of Condensed Consolidated Financial Statements

As discussed in Exhibit 99.1 of our 2007 Annual Report on Form 10-K, we discovered during the preparation and review of our 2007 income tax provision that we had not properly reconciled our tax liabilities related to the differences between the net book basis and the net tax basis of our depreciable property, plant and equipment. As a result of completing the necessary reconciliations for each year since 2002, we identified errors that impacted our previously filed financial statements for the fiscal years 2003 through 2006 and our previously filed interim financial statements for those years and the first three quarters of 2007 related to our tax liabilities and our income tax provisions.

During the fourth quarter of 2007, we also determined the cumulative impact of known differences in our accounting for our equity method investment in Suoftec Light Metal Products Production and Distribution, Ltd. (Suoftec) and our summary financial information presented for Suoftec, which we considered to be immaterial to any individual reporting period, required restatement. The errors relate to the quantification and recording of the adjustments to report the Suoftec earnings on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP) versus on the Hungarian accounting rules followed by Suoftec. These differences principally relate to overhead cost capitalization into inventory and deferred income taxes on property, plant and equipment. The 2007 U.S. GAAP differences were immaterial to any one interim period and were recorded in the fourth quarter of 2007.

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The following tables summarize the impact of the tax basis error corrections to our condensed consolidated statement of operations for the thirteen and twenty-six week periods ended July 1, 2007 and to our condensed consolidated balance sheet as of July 1, 2007 as previously presented in Exhibit 99.1 of our 2007 Annual Report on Form 10-K. There was no impact to our 2007 interim Net Cash provided by Operating Activities due to the correction of the above errors.

(Thousands of dollars)	For Thirteen Weeks Ended July 1, 2007			For Twenty-Six Weeks Ended July 1, 2007		
	As reported	Adjustment	As restated	As reported	Adjustment	As restated
Income tax (provision) benefit	$ (2,817)	$ 197	$ (2,620)	$ (207)	$ 394	$ 187
Net income	$ 3,035	$ 197	$ 3,232	$ 4,889	$ 394	$ 5,283
Earnings per share:						
Basic	$ 0.11	$ 0.01	$ 0.12	$ 0.18	$ 0.02	$ 0.20
Diluted	$ 0.11	$ 0.01	$ 0.12	$ 0.18	$ 0.02	$ 0.20

July 1, 2007 (Thousands of dollars)	As Reported	Adjustments	As Restated
Income tax receivable	$ 8,387	$ 1,027	$ 9,414
Investments	$ 43,974	$ 502	$ 44,476
Noncurrent deferred tax asset, net	$ 11,894	$ 1,801	$ 13,695
Accumulated other comprehensive loss	$ (36,371)	$ (22)	$ (36,393)
Retained earnings	$ 530,415	$ 3,352	$ 533,767

During interim periods, we follow the accounting policies set forth in our 2007 Annual Report on Form 10-K and apply appropriate interim financial reporting standards for a fair statement of our operating results and financial position in conformity with U.S. GAAP as indicated below. Users of financial information produced for interim periods in 2008 are encouraged to read this Quarterly 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 2007 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 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 statements of operations for the thirteen week periods ended June 29, 2008 and July 1, 2007, (ii) the condensed consolidated balance sheets at June 29, 2008 and December 30, 2007, (iii) the condensed consolidated statements of cash flows for the twenty-six week periods ended June 29, 2008 and July 1, 2007, and (iv) the condensed consolidated statement of shareholders’ equity for the twenty-six week period ended June 29, 2008. The condensed consolidated balance sheet as of December 30, 2007 was derived from our 2007 audited financial statements, but does not include all disclosures required by U.S. GAAP.

Note 4 – Stock-Based Compensation

We have an equity incentive plan that authorizes us to issue incentive and non-qualified stock options, as well as stock appreciation rights, restricted stock and performance units to our non-employee directors, officers, employees and consultants totaling up to 3.5 million shares of common stock. No more than 100,000 shares may be used under such 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 29, 2008, there were 3.5 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 granted to employees generally vest ratably over a four-year period, while options granted to non-employee directors generally vest one year from the date of grant.

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During the first two quarters of 2008, we granted options for a total of 616,000 shares, while in the first two quarters of 2007, we granted options for a total of 120,000 shares. The weighted average fair value at the grant date for options issued during the first two quarters of 2008 and 2007 was $5.30 and $6.07 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 2008 and 2007, respectively: (a) dividend yield on our common stock of 3.23 percent and 3.32 percent; (b) expected stock price volatility of 30.5 percent and 30.8 percent; (c) a risk-free interest rate of 3.41 percent and 4.70 percent; and (d) an expected option term of 7.0 years and 7.3 years. For the twenty-six weeks ended June 29, 2008, options for 25,500 shares were exercised compared to 2,000 options exercised during the same period in fiscal year 2007.

Stock-based compensation expense related to our stock option plan under Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R), was allocated as follows:

(Thousands of dollars)	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2008	July 1, 2007	June 29, 2008	July 1, 2007
Cost of sales	$ 102	$ 241	$ 210	$ 432
Selling, general and administrative	475	860	998	1,593
Stock-based compensation expense before income taxes	577	1,101	1,208	2,025
Income tax benefit	(152)	(393)	(349)	(726)
Stock-based compensation expense after income taxes	$ 425	$ 708	$ 859	$ 1,299

As of June 29, 2008, a total of $6.4 million of unrecognized compensation cost related to non-vested awards is expected to be recognized over a weighted average period of approximately 3.2 years. There were no significant capitalized stock-based compensation costs at June 29, 2008 and December 30, 2007. We received cash totaling $450,000 and $41,000 from stock options exercised during the first two quarters of 2008 and 2007, respectively.

Note 5 - New Accounting Standards

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 establishes a common definition for fair value to be applied to U.S. GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of the applicable provisions of SFAS No. 157 as of January 1 2008, did not have an impact on our consolidated results of operations or statement of financial position or disclosures. In February 2008, the FASB decided to issue a final Staff Position to allow a one-year deferral of adoption of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The FASB also decided to amend SFAS No. 157 to exclude FASB Statement No. 13 and its related interpretive accounting pronouncements that address leasing transactions. We do not expect that the adoption of the provisions of SFAS No. 157 for nonfinancial assets and liabilities measured on a nonrecurring basis will have a material impact on our consolidated results of operations or statement of financial position.

In December 2007, the FASB issued SFAS No. 141(R), “Business Combinations.” This Statement replaces SFAS No. 141, “Business Combinations,” (SFAS No. 141), and defines the acquirer as the entity that obtains control of one or more business in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This Statement’s scope is broader than that of SFAS No. 141, which applied only to business combinations in which control was obtained by transferring consideration. This Statement applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We do not expect that the adoption of SFAS No. 141 will have a material impact on our consolidated results of operations or statement of financial position.

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Note 6 – Business Segments

Each of our plants manufactures similar aluminum automotive road wheels, utilizes similar production processes and distribution methods, sells to many of the same OEM customers and faces similar variations in product demand levels. In order to effectively manage our overall business, we must maintain the ability to allocate production and resources interchangeably among our plants, as necessary. Accordingly, we have only one reportable segment – automotive road wheels. We assess operating performance and make operating decisions at this segment level and allocate resources among individual plants as deemed necessary to meet both customer requirements and our overall segment financial objectives.

Net sales and net property, plant and equipment by geographic area are summarized below:

(Thousands of dollars)	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
Net sales:	June 29, 2008	July 1, 2007	June 29, 2008	July 1, 2007
U.S.	$ 117,547	$ 149,656	$ 245,462	$ 297,920
Mexico	99,838	105,561	194,161	202,172
Consolidated net sales	$ 217,385	$ 255,217	$ 439,623	$ 500,092

Property, plant and equipment, net:	June 29, 2008	December 30, 2007
U.S.	$ 105,739	$ 116,599
Mexico	189,188	185,654
Consolidated property, plant and equipment, net	$ 294,927	$ 302,253

Note 7 - Revenue Recognition

Sales of products and any related costs are recognized when title and risk of loss transfers to the purchaser, generally upon shipment. Tooling reimbursement revenues, representing internal development expenses and initial tooling that are reimbursable by our customers, are recognized as such related costs and expenses are incurred and recoverability is probable, generally upon receipt of a customer purchase order. Tooling reimbursement revenues totaled $6.7 million and $2.6 million for the second quarter of 2008 and 2007, respectively and $10.2 million and $6.2 million for the twenty-six weeks ended June 29, 2008 and July 1, 2007, respectively.

Note 8 – Earnings Per Share

In accordance with the provisions of SFAS No. 128, “Earnings Per Share,” basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share includes the dilutive effect of outstanding stock options, calculated using the treasury stock method. Of the 3.6 million stock options outstanding at June 29, 2008, 1.9 million shares had an exercise price greater than the weighted average market price of the stock for the thirteen weeks ended June 29, 2008, and for the twenty-six week period ending June 29, 2008, 2.5 million shares had an exercise price greater than the weighted average price of the stock and were excluded in the calculation of diluted earnings per share for that period. Of the 3.1 million stock options outstanding at July 1, 2007, 2.0 million shares had an exercise price greater than the weighted average market price of the stock and were excluded in the calculation of diluted earnings per share for both the thirteen week and twenty-six week periods ended July 1, 2007.

Summarized below are the calculations of basic and diluted earnings per share for the respective periods:

(In thousands, except per share amounts)	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	June 29, 2008		July 1, 2007		June 29, 2008		July 1, 2007	
Basic Earnings per Share:								
Reported net income	$	5,095	$	3,232	$	8,274	$	5,283
Weighted average shares outstanding - Basic		26,652		26,611		26,645		26,611
Basic earnings per share	$	0.19	$	0.12	$	0.31	$	0.20
Diluted Earnings per Share:								
Reported net income	$	5,095	$	3,232	$	8,274		5,283
Weighted average shares outstanding		26,652		26,611		26,645		26,611
Weighted average dilutive stock options		140		56		88	$	27
Weighted average shares outstanding - Diluted		26,792		26,667		26,733		26,638
Diluted earnings per share	$	0.19	$	0.12	$	0.31	$	0.20

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Note 9 – Income Taxes

Income taxes are accounted for pursuant to SFAS No. 109, "Accounting for Income Taxes", which requires use of the liability method and the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period of enactment. Provision is made for U.S. income taxes on undistributed earnings of international subsidiaries and 50 percent owned joint ventures, unless such future earnings are considered permanently reinvested. Tax credits are accounted for as a reduction of the provision for income taxes in the period in which the credits arise.

The income tax (provision) benefit on income before income taxes and equity earnings for the second quarter of 2008 was a benefit of $0.1 million compared to a provision of $(2.6) million for the same period in 2007. As of the end of June 2008, the estimated annualized effective tax rate for the year was 76.6 percent compared to the 42.1 percent rate estimated at the same time a year ago. For the first two quarters of 2008, this required a tax provision before discrete items of $(6.2) million. Discrete items in the same period, which totaled a benefit of $3.7 million, were principally for decreases of $2.9 million in our liabilities for uncertain tax positions, due primarily to the expiration of a statute of limitations, and to a reduction of $0.8 million in valuation reserves. The statute of limitations that expired in the second quarter of 2008 was for the same tax entity for which the statute expired in the first quarter of 2007 (see below), due to the timing of our fiscal quarter ends in both years. When combined with the $(6.2) million provision before discrete items, this resulted in a net income tax provision of $(2.5) million for the first two quarters. Because we had recorded an income tax provision totaling $(2.6) million in the first quarter of 2008, this resulted in the income tax benefit of $0.1 million for the second quarter of 2008.

As of the end of June 2007, the estimated annualized effective tax rate of 42.1 percent resulted in a provision before discrete items during the period of $(1.5) million. Discrete items in the same period of 2007, which totaled a benefit of $1.7 million, related principally to refunds from prior year amended returns of $0.6 million, decreases in valuation reserves of $0.8 million and decreases in our liabilities for uncertain tax positions of $0.3 million, due principally to the expiration of a statute of limitations. When combined with the $(1.5) million provision before discrete items, this resulted in a net income tax benefit of $0.2 million for the first two quarters of 2007. Because we had recorded an income tax benefit totaling $2.8 million in the first quarter of 2007, this resulted in the income tax provision of $(2.6) million for the second quarter of 2007.

Within the next twelve month period ending June 30, 2009, we do not anticipate that any unrecognized tax benefits will be recognized due to the expiration of statutes of limitation. We recognize interest and penalties that are accrued related to unrecognized tax benefits in income tax expense.

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 Hungary, Mexico, the Netherlands and the United States. We are no longer subject to U.S. federal, state and local, or Mexico (our major filing jurisdictions) income tax examinations for years before 1999.

Superior Industries International, Inc. and Subsidiaries are under audit for 2004 through 2006 tax years by the Internal Revenue Service. It is expected that the examination phase will conclude during the third quarter of 2008. In addition, the 2003 income tax return of Superior Industries de Mexico S.A. de C.V is under review by Mexico's Tax Administration Service (Servicio de Administracion Tributaria). However, it is not reasonably possible at this time to quantify any adjustments related to these audits.

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Note 10 – Equity in Earnings of Joint Ventures

Included below are summary statements of operations for Suoftec , our 50 percent owned joint venture in Hungary, which manufactures cast and forged aluminum wheels principally for the European automobile industry. Being 50 percent owned and non-controlled, Suoftec is not consolidated, but accounted for using the equity method.

(Thousands of dollars)	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2008	July 1, 2007	June 29, 2008	July 1, 2007
Net sales	$ 39,025	$ 34,626	$ 83,145	$ 71,157
Cost of sales	38,276	31,086	76,146	66,130
Gross profit	749	3,540	6,999	5,027
Selling, general and administrative expenses	771	579	1,460	1,022
Income (loss) from operations	(22)	2,961	5,539	4,005
Other income (expense), net	1,047	(11)	1,032	119
Income before income taxes	1,025	2,950	6,571	4,124
Income tax provision	(163)	(590)	(1,222)	(803)
Net income	$ 862	$ 2,360	$ 5,349	$ 3,321
Superior's share of Suoftec net income	$ 431	$ 1,180	$ 2,675	$ 1,660
Intercompany profit elimination	189	(532)	30	(221)
Superior's equity in earnings of Suoftec	620	648	2,705	1,439
Equity in earnings of Topy-Superior Ltd	-	83	-	110
Total equity in earnings of joint ventures	$ 620	$ 731	$ 2,705	$ 1,549

Additionally, as of March 31, 2008, the Topy-Superior Ltd joint venture with Topy Industries was terminated. The termination of the joint venture did not have a material impact on our financial condition or results of operations.

Note 11 – Other Income (Expense)

In the first quarter of 2007, we sold available-for-sale corporate equity securities realizing a $2.4 million gain that was included in other income (expense), net. Foreign currency transaction gains (losses), which are included in other income (expense), net, were $(1.3) million for the thirteen weeks ended June 29, 2008 compared to $(0.1) million for the same period a year ago and $(1.7) million for the twenty-six weeks ended June 29, 2008 compared to $0.2 million for the same twenty-six period in 2007.

Note 12 – Accounts Receivable

(Thousands of dollars)	June 29, 2008	December 30, 2007
Trade receivables	$ 136,241	$ 119,175
Tooling reimbursement receivables	10,926	5,102
Current portion of notes receivable	1,000	-
Other receivables	4,414	3,854
	152,581	128,131
Allowance for doubtful accounts	(2,770)	(2,427)
Accounts receivable, net	$ 149,811	$ 125,704

Note 13 – Inventories

(Thousands of dollars)	June 29, 2008	December 30, 2007
Raw materials	$ 17,326	$ 16,482
Work in process	35,124	30,004
Finished goods	51,638	60,684
Inventories, net	$ 104,088	$ 107,170