Commercial Vehicle Group, Inc.
Form S-1/A
June 29, 2005

Table of Contents

As filed with the Securities and Exchange Commission on June 29, 2005

No. 333-125626

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
to
Form S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Commercial Vehicle Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**3714**	**41-1990662**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

6530 West Campus Oval
New Albany, Ohio 43054
Telephone: (614) 289-5360
Telecopy: (614) 985-1842
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mervin Dunn
President and Chief Executive Officer
Commercial Vehicle Group, Inc.
6530 West Campus Oval
New Albany, Ohio 43054
Telephone: (614) 289-5360
Telecopy: (614) 985-1842
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Dennis M. Myers P.C.
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Telephone: (312) 861-2000
Telecopy: (312) 861-2200

Kris F. Heinzelman, Esq.
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
Telephone: (212) 474-1000
Telecopy: (212) 474-3700

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.01 per share(2)	9,103,587	$18.71(1)	$173,178,457.37(3)	$20,384(3)

(1) Estimated solely for the purpose of calculating the registration fee relating to 54,874 additional shares of Common Stock being registered in this amendment, pursuant to Rule 457(c) of the Securities Act, on the basis of the average high and low prices of the registrant s common stock on June 28, 2005, as reported by The Nasdaq National Market.

(2) Includes amount attributable to shares of Common Stock that may be purchased by the underwriters under an option to purchase additional shares.

(3) Based on proposed maximum aggregate offering price of $172,151,764.83 for 9,048,713 shares of Common Stock included in the original filing on June 8, 2005, plus proposed maximum aggregate offering price of $1,026,692.54 for 54,874 additional shares of Common Stock being registered in this amendment. Of the $20,384 registration fee, $20,263 was previously paid in connection with the original filing on June 8, 2005, and $121 is paid herewith.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We or the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 29, 2005

7,916,163 Shares

Commercial Vehicle Group, Inc.

Common Stock

We are selling 1,500,000 shares of common stock and the selling stockholders are selling 6,416,163 shares of common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

Our common stock is listed on The Nasdaq National Market under the symbol CVGI. The last reported sale price of our common stock on June 28, 2005 was $18.59 per share.

The underwriters have an option to purchase a maximum of 1,187,424 additional shares from us to cover over-allotments of shares.

Investing in our common stock involves risks. See Risk Factors beginning on page 12.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Issuer	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2005.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston **Robert W. Baird & Co.**

JPMorgan **Lehman Brothers**

The date of this prospectus is , 2005.

Table of Contents

TABLE OF CONTENTS

	Page
SUMMARY	1
RISK FACTORS	12
CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS	21
USE OF PROCEEDS	22
DIVIDEND POLICY	22
PRICE RANGE OF COMMON STOCK	23
CAPITALIZATION	24
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA	25
SELECTED HISTORICAL FINANCIAL DATA	32
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
INDUSTRY	51
BUSINESS	56
MANAGEMENT	75
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	86
PRINCIPAL STOCKHOLDERS	90
SELLING STOCKHOLDERS	92
DESCRIPTION OF CAPITAL STOCK	94
SHARES ELIGIBLE FOR FUTURE SALE	97
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES	99
UNDERWRITING	102
LEGAL MATTERS	105
EXPERTS	105
WHERE YOU CAN FIND MORE INFORMATION	105
INDEX TO FINANCIAL STATEMENTS	F-1

Form of Underwriting Agreement
Opinion of Kirkland & Ellis LLP
Consent of Deloitte & Touche LLP
Consent of PricewaterhouseCoopers LLP

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

SUMMARY

This summary highlights information contained elsewhere in this prospectus but might not contain all of the information that is important to you. Before investing in our common stock, you should read the entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

We conduct our business through our operating subsidiaries, each of which is a direct or indirect wholly owned subsidiary of Commercial Vehicle Group, Inc. For purposes of this prospectus, unless the context otherwise requires, all references herein to our company, Commercial Vehicle Group, we, us and our refer to Commercial Vehicle Group, Inc. and its consolidated subsidiaries and their predecessors after giving effect to the acquisitions of substantially all of the assets and liabilities related to Mayflower Vehicle Systems North American Commercial Vehicle Operations and the stock of Monona Corporation, the parent of Monona Wire Corporation, as described on page 5, which we refer to as the Mayflower acquisition and the MWC acquisition, respectively. Unless otherwise indicated, statement of operations data included herein for 2004 and for the three months ended March 31, 2005 and presented on a pro forma basis give effect to the Mayflower acquisition and the MWC acquisition as if they had each occurred on January 1, 2004. Original equipment manufacturers are referred to herein as OEMs. Unless otherwise indicated, the information contained in this prospectus assumes that the underwriters over-allotment option is not exercised.

Our Company

We are a leading supplier of fully integrated system solutions for the global commercial vehicle market, including the heavy-duty truck market, the construction and agriculture markets and the specialty and military transportation markets. As a result of our strong leadership in cab-related products and systems, we are positioned to benefit from the increased focus of our customers on cab design and comfort and convenience features to better serve their end user, the driver. Our products include suspension seat systems, interior trim systems (including instrument panels, door panels, headliners, cabinetry and floor systems), cab structures and components, mirrors, wiper systems, electronic wire harness assemblies and controls and switches specifically designed for applications in commercial vehicles.

We are differentiated from suppliers to the automotive industry by our ability to manufacture low volume customized products on a sequenced basis to meet the requirements of our customers. We believe that we have the number one or two position in most of our major markets and that we are the only supplier in the North American commercial vehicle market that can offer complete cab systems including cab body assemblies, sleeper boxes, seats, interior trim, flooring, wire harnesses, panel assemblies and other structural components. We believe our products are used by virtually every major North American commercial vehicle OEM, which we believe creates an opportunity to cross-sell our products and offer a fully integrated system solution.

We pursue growth in sales and earnings by offering our customers innovative products and system solutions, emphasizing continuous improvement in the operating performance of our businesses and by acquiring businesses that expand our product range, augment our system solution capabilities, strengthen our customer relationships and expand our geographic footprint. In the past four months, we have separately acquired two commercial vehicle supply businesses that meet these acquisition criteria.

On February 7, 2005, we acquired substantially all of the assets and liabilities related to Mayflower Vehicle Systems North American Commercial Vehicle Operations (Mayflower) for $107.5 million. This acquisition makes us the only non-captive producer of steel and aluminum cabs and sleeper box assemblies for the North American Class 8 truck market. The Mayflower acquisition will allow us to offer our truck customers a completely furnished vehicle cab and provide us earlier visibility on cab structure designs and concepts, which will provide us with advantages in our other cab products.

On June 3, 2005 we acquired the stock of Monona Corporation, the parent of Monona Wire Corporation (MWC), for $55.0 million. MWC specializes in low volume electronic wire harnesses and instrument panel assemblies and also assembles cabs for the construction market.

Table of Contents

The MWC acquisition will enhance our ability to offer integrated electronics and instrument panel assemblies, expand our cab assembly capabilities into new end markets and provide us with a world class Mexican assembly operation strategically located near several of our existing OEM customers.

Approximately 59% of our pro forma 2004 sales were to the leading heavy-duty truck OEMs, Freightliner (DaimlerChrysler), PACCAR, International (Navistar) and Volvo/ Mack. The MWC acquisition increases our presence in the construction and agriculture market particularly at Caterpillar and Deere & Co., as well as Oshkosh Truck Corporation, a leader in manufacturing specialty, emergency and military vehicles, which we believe are less cyclical than certain of our other markets. Approximately 84% of our pro forma 2004 sales were in North America, with the balance in Europe and Asia. The following charts depict our 2004 pro forma net sales by product category, end market served, and customer served.

Demand for commercial vehicles is expected to continue to improve in 2005 due to a variety of factors, including a broad economic recovery in North America, the need to replace aging truck fleets as a result of under-investment, increasing freight volumes and improving hauler profits. According to ACT Research, the North American heavy-duty (Class 8) unit build rates are expected to grow from 269,000 units in 2004 to over 341,000 units in 2009, a compound annual growth rate of 5%. This trend is reflected in the North American heavy-duty (Class 8) quarterly production of approximately 81,000 units in the three months ended March 31, 2005, an increase of 48% from the same period in 2004. The medium-duty truck, commercial and heavy equipment, and military and specialty vehicle markets tend to be less cyclical than the heavy-duty (Class 8) market and are growing due to a broad economic recovery, improved technologies in commercial vehicles and equipment and the acceleration of worldwide purchases due to growth in the end markets served by our customers. The market for construction equipment is particularly dependent on the level of major infrastructure construction and repair projects such as highways, dams and harbors, which is in the early stages of growth due to broad economic recovery and developing market expansion, particularly in Asia.

For the year ended December 31, 2004 and the three months ended March 31, 2005, our sales were $380.4 million and $152.4 million, respectively, and our net income was $17.4 million and $10.9 million, respectively. Pro forma sales for the year ended December 31, 2004 and the three months ended March 31, 2005, would have been $671.0 million and $200.3 million, respectively, and pro forma net income would have been $28.8 million and $13.3 million, respectively. At March 31, 2005, on a pro forma basis after giving effect to the MWC acquisition, this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described under Use of Proceeds, we would have had total indebtedness of $184.4 million and stockholders equity of $144.5 million.

Table of Contents

Our Competitive Strengths

We believe that our competitive strengths include the following:

Leading Market Positions and Brands. We believe that we are the leading supplier of seating systems and interior trim products, the only non-captive manufacturer of Class 8 truck body systems (which includes cab body assemblies), the second largest supplier of wiper systems and mirrors for the North American commercial vehicle market and the largest global supplier of construction vehicle seating systems. Our products are marketed under brand names that are well known by our customers and truck fleet operators. These brands include KAB Seating, National Seating, Trim Systems, Sprague Devices, Sprague Controls, Prutsman™, Moto Mirror™, RoadWatch® and Mayflower®. The Mayflower and MWC acquisitions gave us the capability to achieve market leadership across a broader spectrum of commercial vehicle systems, including complete truck cab assemblies and electrical wire systems. We expect to benefit from leveraging our customer relationships and dedicated sales force to cross-sell a broader range of products and position ourselves as the leading provider of complete cab systems to the commercial vehicle marketplace.

Comprehensive Cab Product and Cab System Solutions. We believe that we offer the broadest product range of any commercial vehicle cab supplier. We manufacture approximately 50 product categories, many of which are critical to the interior and exterior subsystems of a commercial vehicle cab. In addition, through our acquisitions of Mayflower and MWC, we believe we are the only supplier worldwide with the capability to offer complete cab systems in sequence, integrating interior trim and seats with the cab structure and the electronic wire harness and instrument panel assemblies. We also utilize a variety of different processes, such as urethane molding, vacuum forming and twin shell vacuum forming, that enable us to meet each customer s unique styling and cost requirements. The breadth of our product offering enables us to provide a one-stop shop for our customers, who increasingly require complete cab solutions from a single supply source. As a result, we believe that we have a substantial opportunity for further customer penetration through cross-selling initiatives and by bundling our products to provide complete system solutions.

End-User Focused Product Innovation. A key trend in the commercial vehicle market is that OEMs are increasingly focused on cab design, comfort and features to better serve their end user, the driver, and our customers are seeking suppliers that can provide product innovation. We have a full service engineering and product development organization that proactively presents solutions to OEMs to meet these needs and enables us to increase our overall content on current platforms and models. Examples of our recent innovations that are expected to result in better cost and performance parameters for our customers include: a new high performance air suspension seating system; a back cycler mechanism designed to reduce driver fatigue; a RoadWatch® system installed in a mirror base to detect road surface temperature; an aero-molded mirror; and a low-weight, cost effective tubular wiper system design.

Flexible Manufacturing Capabilities and Cost Competitive Position. Because commercial vehicle OEMs permit their customers to select from an extensive menu of cab options, our customers frequently request modified products in low volumes within a limited time frame. We have a highly variable cost structure and can efficiently leverage our flexible manufacturing capabilities to provide low volume, customized products to meet each customer s styling, cost and just-in-time delivery requirements. We have a network of 27 manufacturing and assembly locations worldwide. Several of our facilities are located near our customers to reduce distribution costs and to maintain a high level of customer service and flexibility.

Strong Relationships with Leading Customers and Major Fleets. Because of our comprehensive product offerings, sole source position for certain of our products, leading Class 8 brand names and innovative product features, we believe we are an important long-term supplier to all of the leading truck manufacturers in North America and also a global supplier to leading heavy equipment customers such as Caterpillar, Oshkosh Truck, Deere & Co., Komatsu and Volvo. In addition, through our sales force and engineering teams, we maintain active relationships with the major truck fleet organizations that are end users of our products such as Yellow Freight, Swift Transportation, Schneider National and Ryder

Table of Contents

Leasing. As a result of our high-quality, innovative products, well-recognized brand names and customer service, a majority of the largest 100 fleet operators specifically request our products.

Significant Barriers to Entry. We are a leader in providing critical cab assemblies and components to long running platforms. Considerable barriers to entry exist, including significant capital investment and engineering requirements, stringent OEM technical and manufacturing requirements, high switching costs for OEMs to shift production to new suppliers, just-in-time delivery requirements to meet OEM volume demand and strong brand name recognition.

Proven Management Team. Our management team is highly respected within the commercial vehicle market, and our six senior executives have an average of 25 years of experience in the industry. We believe that our team has substantial depth in critical operational areas and has demonstrated success in reducing costs, integrating business acquisitions and improving processes through cyclical periods. In addition, we have added significant management, technical and operations talent with our recent acquisitions.

Our Business Strategy

In addition to capitalizing on expected growth in our end markets, our primary growth strategies are as follows:

Increase Content, Expand Customer Penetration and Leverage System Opportunities. We are the only integrated commercial vehicle supplier that can offer complete modular cab systems. We are focused on securing additional sales from our existing customer base, and we actively cross-market a diverse portfolio of products to our customers to increase our content on the cabs manufactured by these OEMs. To complement our North American capabilities and enhance our customer relationships, we are working with OEMs as they increase their focus on international markets. We are one of the first commercial vehicle suppliers to establish operations in China and are aggressively working to secure new business from both existing customers with Chinese manufacturing operations and Chinese OEMs. We believe we are well positioned to capitalize on the migration by OEMs in the heavy truck and commercial vehicle sector towards commercial vehicle suppliers that can offer a complete interior system.

Leverage Our New Product Development Capabilities. We have made a significant investment in our engineering capabilities and new product development in order to anticipate the evolving demands of our customers and end users. For example, we recently introduced a new wiper system utilizing a tubular linkage system with a single motor that operates both wipers, reducing the cost, space and weight of the wiper system. Also, we believe that our new high performance seat should enable us to capture additional market share in North America and provide us with opportunities to market this seat on a global basis. We will continue to design and develop new products that add or improve content and increase cab comfort and safety.

Capitalize on Operating Leverage. We continuously seek ways to lower costs, enhance product quality, improve manufacturing efficiencies and increase product throughput. Over the past three years, we realized operating synergies with the integration of our sales, marketing and distribution processes; reduced our fixed cost base through the closure and consolidation of several manufacturing and design facilities; and have begun to implement our Lean Manufacturing and Total Quality Production Systems (TQPS) programs. We believe our ongoing cost saving initiatives and the establishment of our sourcing relationships in China will enable us to continue to lower our manufacturing costs. As a result, we are well positioned to grow our operating margins and capitalize on any volume increases in the heavy truck sector with minimal additional capital expenditures. With the integration of Mayflower and MWC, CVG s management will be pursuing cost reduction and avoidance opportunities which include: consolidating supplier relationships to achieve lower costs and better terms, combining steel and other material purchases to leverage purchasing power, strategic sourcing of products to OEMs from new facility locations, implementing lean manufacturing techniques to achieve operational efficiencies, improving product quality and delivery and providing additional capacity. Cost reductions will also target merging administrative functions, including accounting, IT and corporate services.

Grow Sales to the Aftermarket. While commercial vehicles have a relatively long life, certain components, such as seats, wipers and mirrors, are replaced more frequently. We believe that there are opportunities to leverage our brand recognition to increase our sales to the replacement aftermarket. Since many aftermarket participants are small and locally focused, we plan to leverage our national scale to increase our market share in the fragmented aftermarket. We believe that the continued growth in the aftermarket represents an attractive diversification to our OEM business due to its relative stability as well as the market penetration opportunity.

Pursue Strategic Acquisitions and Continue to Diversify Sales. We will selectively pursue complementary strategic acquisitions that allow us to leverage the marketing, engineering and manufacturing strengths of our business and expand our sales to new and existing customers. The markets in which we operate are highly fragmented and provide ample consolidation opportunities. The acquisition of Mayflower will enable us to be the only supplier worldwide to offer complete cab systems in sequence, integrating interior trim and seats with the cab structure. The MWC acquisition will enable us to provide integrated electronic systems into our cab products. Each of these acquisitions has expanded and diversified our sales to include a greater percentage to non-heavy truck markets, such as the construction and specialty and military vehicle markets.

Our Recent Acquisitions

On February 7, 2005, we acquired substantially all of the assets and liabilities related to Mayflower Vehicle Systems North American Commercial Vehicle Operations for $107.5 million, which became a wholly owned subsidiary of CVG. The Mayflower acquisition was funded through an increase and amendment to our senior credit facility. Mayflower is the only non-captive producer of complete steel and aluminum truck cabs for the commercial vehicle sector in North America. Mayflower serves the North American commercial vehicle sector from three manufacturing locations, Norwalk, Ohio, Shadyside, Ohio and Kings Mountain, North Carolina, supplying three major product lines: cab frames and assemblies, sleeper boxes and other structural components. Through the Mayflower acquisition we believe we are the only supplier worldwide with the capability to offer complete cab systems in sequence, integrating interior trim and seats with the cab structure. The acquisition gives us the leading position in North American cab structures and the number two position in complete cab assemblies, as well as full service cab and sleeper engineering and development capabilities with a technical facility located near Detroit, Michigan. In addition, the Mayflower acquisition broadens our revenue base at International, Volvo/ Mack, Freightliner, PACCAR and Caterpillar and enhances our cross-selling opportunities. We anticipate that the Mayflower acquisition will also provide significant cost saving opportunities and our complementary customer bases will balance revenue distribution and strengthen customer relationships. For the year ended December 31, 2004, Mayflower recorded revenues of $206.5 million and operating income of $21.6 million.

On June 3, 2005, we acquired all of the stock of Monona Corporation, the parent of MWC, for $55.0 million, and MWC became a wholly owned subsidiary of CVG. The MWC acquisition was funded through an increase and amendment to our senior credit facility. MWC is a leading manufacturer of complex, electronic wire harnesses and related assemblies used in the global heavy equipment and specialty and military vehicle markets. It also produces panel assemblies for commercial equipment markets and cab frame assemblies for Caterpillar. MWC s wire harness assemblies are critical, complex products that are the primary electrical current carrying devices within vehicle systems. MWC offers approximately 4,500 different wire harness assemblies for its customers, which include leading OEMs such as Caterpillar, Deere & Co. and Oshkosh Truck. MWC operates from primary manufacturing operations in the U.S. and Mexico, and we believe it is cost competitive on a global basis. The MWC acquisition enhances our ability to offer comprehensive cab systems to our customers, expands our electronic assembly capabilities, adds Mexico manufacturing capabilities, and offers significant cross-selling opportunities over a more diversified base of customers. For the fiscal year ended January 31, 2005, MWC recorded revenues of $85.5 million and operating income of $9.6 million.

Table of Contents

Concurrent Senior Notes Offering

We intend to complete an unregistered offering of $150.0 million of senior notes due 2013 during the same period of time that we intend to complete the offering of common stock contemplated by this prospectus. Should we complete the senior notes offering, we intend to use the estimated net proceeds therefrom of $144.7 million to repay indebtedness under our senior credit facility. However, the completion of this common stock offering is not connected with or contingent upon the completion of the senior notes offering and there is no guarantee that the senior notes offering will, in fact, be completed. This prospectus shall not be deemed to be an offer to sell or a solicitation of an offer to buy any securities offered in the senior notes offering.

Corporate Information

Commercial Vehicle Group was incorporated in the State of Delaware on August 22, 2000. Our principal executive office is located at 6530 West Campus Oval, New Albany, Ohio 43054, and our telephone number is (614) 289-5360. Our website is www.cvgrp.com. **Information on our website is not a part of this prospectus and is not incorporated in this prospectus by reference.**

Table of Contents

The Offering

Common stock offered to the public by us	1,500,000 shares
Common stock offered to the public by the selling stockholders	6,416,163 shares
Common stock to be outstanding after this offering	19,802,065 shares
Use of proceeds	We intend to use the net proceeds from the sale of 1,500,000 shares of common stock by us to repay approximately $22.7 million of borrowings under our revolving credit facility and for general corporate purposes. See Use of Proceeds. We will not receive any of the proceeds from the sales of our common stock by the selling stockholders. We intend to use the proceeds from the exercise of management s options to purchase 314,568 shares of our common stock to repay approximately $1.7 million of borrowings under our revolving credit facility.
Nasdaq National Market symbol	CVGI

The number of shares that will be outstanding after this offering excludes 1,000,000 shares of common stock reserved for issuance under our equity incentive plan and 654,203 shares of common stock reserved for issuance under outstanding options. See Management Employee Benefit Plans.

Risk Factors

You should carefully consider the information under the heading Risk Factors and all other information in this prospectus before investing in our common stock.

Table of Contents

Summary Historical and Pro Forma Consolidated Financial Information

The following table summarizes selected historical and pro forma consolidated financial data regarding our business and certain industry information and should be read together with Capitalization, Unaudited Pro Forma Consolidated Financial Data, Selected Historical Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included elsewhere in this prospectus.

The historical financial data as of December 31, 2003 and 2004 and for the years ended December 31, 2002, 2003 and 2004, are derived from our consolidated financial statements that are included elsewhere in this prospectus, which financial statements have been audited by Deloitte & Touche LLP as indicated by their report thereon. The historical financial data as of March 31, 2005 and for the three months ended March 31, 2004 and March 31, 2005 have been derived from our historical unaudited financial statements that are included elsewhere in this prospectus. Results of operations for an interim period are not necessarily indicative of results for a full year. The North American Class 8 heavy-duty truck production rates included in the Other Data section set forth below and the pro forma financial data are all unaudited.

The unaudited pro forma consolidated financial data is derived from the unaudited pro forma consolidated financial statements under Unaudited Pro Forma Consolidated Financial Data. The unaudited pro forma consolidated statement of operations data and other data for the year ended December 31, 2004 and the three months ended March 31, 2005 have been prepared to give effect to:

- the Mayflower acquisition;
- the MWC acquisition;
- the sale of 1,500,000 shares of common stock by us pursuant to this offering and the application of the net proceeds therefrom as described in Use of Proceeds ; and
- the exercise of management s options to purchase 314,568 shares of our common stock and the application of the proceeds therefrom as described in Use of Proceeds,

as if each of these transactions had occurred on January 1, 2004.

The unaudited pro forma consolidated balance sheet data as of March 31, 2005 has been prepared to give effect to the MWC acquisition, the sale of 1,500,000 shares of common stock by us pursuant to this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds, as if each of these transactions had occurred on March 31, 2005.

Table of Contents

The adjustments to the unaudited pro forma financial data are based upon valuations and other studies that have not been completed but that management believes to be reasonable. The unaudited pro forma financial data are for informational purposes only and do not purport to represent or be indicative of actual results that would have been achieved had the transactions described above actually been completed on the dates indicated and do not purport to be indicative or to forecast what our balance sheet data, results of operations, cash flows or other data will be as of any future date or for any future period. A number of factors may affect our actual results.

	Historical			Pro Forma	Historical		Pro Forma
	Year Ended December 31,			Year Ended December 31, 2004(1)	Three Months Ended March 31,		Three Months Ended March 31, 2005(1)
	2002	2003	2004		2004	2005	
	(In thousands, except share and per share data)						
Statement of Operations Data:							
Revenues	$ 298,678	$ 287,579	$ 380,445	$ 670,958	$ 85,990	$ 152,415	$ 200,347
Cost of sales	249,181	237,884	309,696	562,723	70,503	126,163	166,842
Gross profit	49,497	49,695	70,749	108,235	15,487	26,252	33,505
Selling, general and administrative expenses	23,952	24,281	28,985	37,314	7,497	9,549	11,444
Non cash option issuance charge			10,125	10,125			
Amortization expense	122	185	107	137	36	24	27
Operating income	25,423	25,229	31,532	60,659	7,954	16,679	22,034
Other expense (income)	1,098	3,230	(1,247)	(482)	(3,270)	(2,881)	(2,881)
Interest expense	12,940	9,796	7,244	16,617	2,268	2,168	3,502
Loss on early extinguishment of debt		2,972	1,605	1,605			
Income before income taxes and cumulative effect of change in accounting	11,385	9,231	23,930	42,919	8,956	17,392	21,413
Provision for income taxes	5,235	5,267	6,481	14,076	3,407	6,506	8,145

Income before cumulative effect of change in accounting	6,150	3,964	17,449	28,843	5,549	10,886	13,268
Cumulative effect of change in accounting	(51,630)						
Net income (loss)	$ (45,480)	$ 3,964	$ 17,449	$ 28,843	$ 5,549	$ 10,886	$ 13,268
Earnings (loss) per share(2):							
Basic	$ (3.29)	$ 0.29	$ 1.13	$ 1.68	$ 0.40	$ 0.61	$ 0.67
Diluted	(3.26)	0.29	1.12	1.66	0.40	0.59	0.66
Weighted average common shares outstanding(2):							
Basic	13,827	13,779	15,429	17,195	13,779	17,987	19,802
Diluted	13,931	13,883	15,623	17,389	13,885	18,297	20,010

Table of Contents

	Historical			Pro Forma	Historical		Pro Forma
	Year Ended December 31,			Year Ended December 31,	Three Months Ended March 31,		Three Months Ended March 31,
	2002	2003	2004	2004	2004	2005	2005
	(In thousands)						
Balance Sheet Data (at end of period):							
Working capital	$ 8,809	$ 28,216	$ 41,727		$ 26,449	$ 47,985	$ 54,099
Total assets	204,217	210,495	225,638		218,511	397,910	466,603
Total debt	127,202	127,474	53,925		109,555	153,485	184,364
Total stockholders investment	27,025	34,806	111,046		40,627	120,370	144,491
Other Data:							
EBITDA(3)	$ 34,105	$ 33,335	$ 39,099	$ 74,476	$ 10,014	$ 19,441	$ 25,666
Net cash provided by (used for):							
Operating activities	$ 18,172	$ 10,442	$ 34,177	N/A	$ 6,035	$ 10,058	N/A
Investing activities	(4,937)	(5,967)	(8,907)	N/A	(840)	(109,241)	N/A
Financing activities	(14,825)	(2,761)	(28,427)	N/A	(7,667)	99,965	N/A
Depreciation and amortization	8,682	8,106	7,567	13,817	2,060	2,762	3,632
Capital expenditures, net	4,937	5,967	8,907	13,021	840	2,883	3,329
North American Class 8 heavy-duty truck production (units)(4)	181	182	269	269	55	81	81

(1) In the event that we complete our concurrent senior notes offering, after giving further effect to such offering, (a) our pro forma interest expense for the year ended December 31, 2004 and for the three months ended March 31, 2005 would have been $20.5 million and $4.5 million, respectively, (b) our pro forma net income for the year ended December 31, 2004 and for the three months ended March 31, 2005 would have been $26.5 million and $12.7 million, respectively, (c) our pro forma income tax expense for the year ended December 31, 2004 and for the three months ended March 31, 2005 would have been $12.5 million and $7.8 million, respectively, and (d) our pro forma total indebtedness as of March 31, 2005 would have been $189.6 million. However, the completion of this common stock offering is not connected with or contingent upon

the completion of the senior notes offering and there is no guarantee that the senior notes offering will, in fact, be completed.

(2) Earnings (loss) per share and weighted average common shares outstanding for the years ended December 31, 2002, 2003 and 2004 and the three months ended March 31, 2004 have been calculated giving effect to the reclassification of our previously outstanding six classes of common stock into one class of common stock and, in connection therewith, a 38.991-to-one stock split. Earnings (loss) per share for all periods were computed in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share (SFAS No. 128).

(3) EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, non-cash gain (loss) on forward exchange contracts, loss on early extinguishment of debt and an impairment charge associated with the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by generally accepted accounting principles. We present EBITDA because we believe that it is widely accepted that EBITDA provides useful information regarding our operating results. We rely on EBITDA primarily as an operating performance measure in order to review and assess our company and our management team. For example, our management incentive plan is based upon the company achieving minimum EBITDA targets for a given year. We also review EBITDA to compare our current operating results with corresponding periods and with other companies in our industry. We believe that it is useful to investors to provide disclosures of our operating results on the same basis as

that used by our management. We also believe that it can assist investors in comparing our performance to that of other companies on a consistent basis without regard to depreciation, amortization, interest or taxes, which do not directly affect our operating performance. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. See the consolidated statements of cash flows included in our financial statements included elsewhere in this prospectus. The following is a reconciliation of EBITDA to net income (loss):

	Historical			Pro Forma	Historical		Pro Forma
	Year Ended December 31,			Year Ended December 31,	Three Months Ended March 31,		Three Months Ended March 31,
	2002	2003	2004	2004	2004	2005	2005
				(In thousands)			
EBITDA	$ 34,105	$ 33,335	$ 39,099	$ 74,476	$ 10,014	$ 19,441	$ 25,666
Add (subtract):							
Depreciation and amortization	(8,682)	(8,106)	(7,567)	(13,817)	(2,060)	(2,762)	(3,632)
Noncash gain (loss) on forward exchange contracts	(1,098)	(3,230)	1,247	482	3,270	2,881	2,881
Interest expense	(12,940)	(9,796)	(7,244)	(16,617)	(2,268)	(2,168)	(3,502)
Loss on early extinguishment of debt		(2,972)	(1,605)	(1,605)			
Provision for income taxes	(5,235)	(5,267)	(6,481)	(14,076)	(3,407)	(6,506)	(8,145)

Cumulative effect of change in accounting	(51,630)						
Net income (loss)	$ (45,480)	$ 3,964	$ 17,449	$ 28,843	$ 5,549	$ 10,886	$ 13,268

(4) Source: Americas Commercial Transportation Research Co. LLC and ACT Publications.

Table of Contents

RISK FACTORS

You should carefully consider the risks described below, together with all of the other information in this prospectus, before making a decision to invest in our common stock. If any of the following risks actually occur, our business, financial condition and results of operations could suffer. In this case, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock.

Risks Related to Our Business and Industry

Volatility and cyclicality in the commercial vehicle market could adversely affect us.

Our profitability depends in part on the varying conditions in the commercial vehicle market. This market is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Sales of commercial vehicles have historically been cyclical, with demand affected by such economic factors as industrial production, construction levels, demand for consumer durable goods, interest rates and fuel costs. For example, North American commercial vehicle sales and production experienced a downturn from 2000 to 2003 due to a confluence of events that included a weak economy, an oversupply of new and used vehicle inventory and lower spending on commercial vehicles and equipment. This downturn had a material adverse effect on our business during the same period. We cannot provide any assurances as to the length or ultimate level of the current recovery in the commercial vehicle market.

Our customer base is concentrated and the loss of business from a major customer or the discontinuation of particular commercial vehicle platforms could reduce our sales.

Sales to PACCAR and Freightliner accounted for approximately 28% and 17%, respectively, of our revenue for 2004, and our ten largest customers accounted for 72% of our revenue in 2004. On a pro forma basis, sales to International, PACCAR, Freightliner and Volvo/ Mack would have accounted for approximately 18%, 16%, 14% and 12%, respectively, of our revenue for 2004 and our ten largest customers would have accounted for approximately 78% of our revenue for 2004. The loss of any of our largest customers or the loss of significant business from any of these customers would have a material adverse effect on our business, financial condition and results of operations. Even though we may be selected as the supplier of a product by an OEM for a particular vehicle, our OEM customers issue blanket purchase orders which generally provide for the supply of that customer s annual requirements for that vehicle, rather than for a specific number of our products. If the OEM s requirements are less than estimated, the number of products we sell to that OEM will be accordingly reduced. In addition, the OEM may terminate its purchase orders with us at any time.

Our profitability would be adversely affected if the actual production volumes for our customers vehicles is significantly lower than we anticipated.

We incur costs and make capital expenditures based upon estimates of production volumes for our customers vehicles. While we attempt to establish a price of our components and systems that will compensate for variances in production volumes, if the actual production of these vehicles is significantly less than anticipated, our gross margin on these products would be adversely affected. We enter into agreements with our customers at the beginning of a given platform s life to supply products for that platform. Once we enter into such agreements, fulfillment of our purchasing requirements is our obligation for the entire production life of the platform, with terms ranging from five to seven years, and we have no provisions to terminate such contracts. We may become committed to supply products to our customers at selling prices that are not sufficient to cover the direct cost to produce such products. We cannot predict our customers demands for our products either in the aggregate or for particular reporting periods. If customers representing a significant amount of our sales were to purchase materially lower volumes than expected, it would have a material adverse effect on our business, financial condition and results of operations.

Table of Contents

Commercial vehicle OEMs have historically had significant leverage over their outside suppliers.

The commercial vehicle component supply industry has traditionally been highly fragmented and serves a limited number of large OEMs. As a result, OEMs have historically had a significant amount of leverage over their outside suppliers. Our contracts with major OEM customers generally provide for an annual productivity cost reduction. Historically, cost reductions through product design changes, increased productivity and similar programs with our suppliers have generally offset these customer-imposed productivity cost reduction requirements. However, if we are unable to generate sufficient production cost savings in the future to offset price reductions, our gross margin and profitability would be adversely affected. In addition, changes in OEMs purchasing policies or payment practices could have an adverse effect on our business.

Integrating our operations with the Mayflower and MWC operations may prove to be disruptive and could result in the combined businesses failing to meet our expectations.

We expect that the Mayflower and MWC acquisitions will result in increased revenue and profit growth. We cannot be sure that we will realize these anticipated benefits in full or at all. Achieving the expected benefits from these acquisitions will depend, in part, upon whether the operations and personnel of Mayflower and MWC can be integrated in an efficient and effective manner with our existing business. Our management team may encounter unforeseen difficulties in managing the integration of the three businesses. The process of integrating three formerly separately operated businesses may prove disruptive to all three businesses, may take longer than we anticipate and may cause an interruption of and have a material adverse effect on our combined businesses.

We may be unable to successfully implement our business strategy.

Our ability to achieve our business and financial objectives is subject to a variety of factors, many of which are beyond our control. For example, we may not be successful in implementing our strategy if unforeseen factors emerge that diminish the expected growth in the heavy truck market, or we experience increased pressure on our margins. In addition, we may not succeed in integrating strategic acquisitions and our pursuit of additional strategic acquisitions may lead to resource constraints which could have a negative impact on our ability to meet customers demands, thereby adversely affecting our relationships with those customers. As a result of such business or competitive factors, we may decide to alter or discontinue aspects of our business strategy and may adopt alternative or additional strategies. Any failure to successfully implement our business strategy could adversely affect our business, results of operations and growth potential.

Developing product innovations has been and will continue to be a significant part of our business strategy. We believe that it is important that we continue to meet our customers demands for product innovation, improvement and enhancement, including the continued development of new-generation products, design improvements and innovations that improve the quality and efficiency of our products. However, such development will require us to continue to invest in research and development and sales and marketing. In the future, we may not have sufficient resources to make such necessary investments, or we may be unable to make the technological advances necessary to carry out product innovations sufficient to meet our customers demands. We are also subject to the risks generally associated with product development, including lack of market acceptance, delays in product development and failure of products to operate properly. We may, as a result of these factors, be unable to meaningfully focus on product innovation as a strategy and may therefore be unable to meet our customers demands for product innovation.

If we are unable to obtain raw materials at favorable prices, it could adversely impact our results of operations and financial condition.

Numerous raw materials are used in the manufacture of our products. Steel, aluminum, resin, foam and fabrics account for the most significant components of our raw material costs. Although we currently

Table of Contents

maintain alternative sources for raw materials, our business is subject to the risk of price increases and periodic delays in delivery. For example, we purchase steel at market prices which, during the past year have increased to historical high levels as a result of a relatively low level of supply and a relatively high level of demand. As a result we are currently being assessed surcharges as well as price increases on certain purchases of steel. If we are unable to purchase certain raw materials required for our operations for a significant period of time, our operations would be disrupted, and our results of operations would be adversely affected. In addition, if we are unable to pass on the increased costs of raw materials to our customers, this could adversely affect our results of operations and financial condition. Our operating results for the year ended December 31, 2004 and the three months ended March 31, 2005 were adversely affected by steel surcharges that we are being assessed on certain of our purchases of steel. The Mayflower acquisition has significantly increased our demand for both steel and aluminum elevating our risk with respect to increases in price or delays in delivery of these commodities.

Our inability to compete effectively in the highly competitive commercial vehicle component supply industry could result in the loss of customers, which would have an adverse effect on our sales and operating results.

The commercial vehicle component supply industry is highly competitive. Our products primarily compete on the basis of price, breadth of product offerings, product quality, technical expertise and development capability, product delivery and product service. Our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a lower cost than we can or adapt more quickly to new technologies, industry or customer requirements. As a result, our products may not be able to compete successfully with the products of these other companies, which could result in the loss of customers and, as a result, decreased sales and profitability.

Currency exchange rate fluctuations could have an adverse effect on our sales and financial results.

We have operations in Europe, Australia, Mexico and China, and sales derived from these operations were approximately 28% and 24% of our revenues in 2004 on an actual and pro forma basis, respectively. As a result, we generate a significant portion of our sales and incur a significant portion of our expenses in currencies other than the U.S. dollar. To the extent that we are unable to match revenues received in foreign currencies with costs paid in the same currency, exchange rate fluctuations in any such currency could have an adverse effect on our financial results. During times of a strengthening U.S. dollar, our reported sales and earnings from our international operations will be reduced because the applicable local currencies will be translated into fewer U.S. dollars. The converse is also true and the strengthening of the European currencies in relation to the U.S. dollar in recent years had a positive impact on our foreign revenues in 2002, 2003 and 2004.

We may be unable to complete additional strategic acquisitions or we may encounter unforeseen difficulties in integrating acquisitions.

The commercial vehicle component supply industry is beginning to undergo consolidation as OEMs seek to reduce costs and their supplier base. We intend to actively pursue additional acquisition targets that will allow us to continue to expand into new geographic markets, add new customers, provide new product, manufacturing and service capabilities and increase penetration with existing customers. However, we expect to face competition for acquisition candidates, which may limit the number of our acquisition opportunities and may lead to higher acquisition prices. Moreover, acquisitions of businesses may require additional debt financing, resulting in additional leverage. The covenants of our senior credit facility may further limit our ability to complete acquisitions. There can be no assurance that we will find attractive acquisition candidates or successfully integrate acquired businesses into our existing business. If we fail to complete additional acquisitions, we may have difficulty competing with more thoroughly integrated competitors and our results of operations could be adversely affected. To the extent that we do complete additional acquisitions, if the expected synergies from such acquisitions do not materialize or we fail to successfully integrate such new businesses into our existing businesses, our results of operations could also be adversely affected.

We may be subject to product liability claims, recalls or warranty claims, which could be expensive, damage our reputation and result in a diversion of management resources.

As a supplier of products and systems to commercial vehicle OEMs, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, malfunction and result in personal injury or death. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages.

In addition, we may be required to participate in recalls involving systems or components sold by us if any prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims as a result of various industry or business practices or the need to maintain good customer relationships. Such a recall would result in a diversion of management resources. While we do maintain product liability insurance, we cannot assure you that it will be sufficient to cover all product liability claims, that such claims will not exceed our insurance coverage limits or that such insurance will continue to be available on commercially reasonable terms, if at all. Any product liability claim brought against us could have a material adverse effect on our results of operations.

Moreover, we warrant the workmanship and materials of many of our products under limited warranties and have entered into warranty agreements with certain OEMs that warranty certain of our products in the hands of these OEMs customers, in some cases for as long as six years. Accordingly, we are subject to risk of warranty claims in the event that our products do not conform to our customers specifications, or, in some cases in the event that our products do not conform with their customers expectations. It is possible for warranty claims to result in costly product recalls, significant repair costs and damage to our reputation, all of which would adversely affect our results of operations.

We may be adversely impacted by work stoppages and other labor matters.

The hourly workforces at our Norwalk, Ohio and Shadyside, Ohio facilities and Mexico operations are unionized. The 1,934 unionized employees at these facilities represented approximately 38% of our total employees as of December 31, 2004 on a pro forma basis for the Mayflower and the MWC acquisitions. The Norwalk, Ohio and Shadyside, Ohio facilities were acquired by us in connection with the Mayflower acquisition and the Mexican operations were acquired by us in connection with the MWC acquisition. We have no operating history with these work forces or prior relationship with the unions which represent them. While neither Mayflower nor MWC has experienced any material strikes, lockouts or work stoppages in the last three years, there can be no assurance that our relationships with these workforces and their unions will be as amicable or that we will not encounter strikes, further unionization efforts or other types of conflicts with labor unions or our employees. We have experienced limited unionization efforts at certain of our other North American facilities from time to time. In addition, approximately 43% of our employees at our United Kingdom operations are represented by a shop steward committee, which may seek to limit our flexibility in our relationship with these employees. We cannot assure you that we will not encounter future unionization efforts or other types of conflicts with labor unions or our employees.

Many of our OEM customers and their suppliers also have unionized work forces. Work stoppages or slow-downs experienced by OEMs or their other suppliers could result in slow-downs or closures of assembly plants where our products are included in assembled commercial vehicles. In the event that one or more of our customers or their suppliers experience a material work stoppage, such work stoppage could have a material adverse effect on our business.

Our products may be rendered less attractive by changes in competitive technologies.

Changes in competitive technologies may render certain of our products less attractive. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in our ability to remain competitive. There can be no assurance

Table of Contents

that we will be able to achieve the technological advances that may be necessary for us to remain competitive. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure to operate properly.

Our continued success depends to some degree on our ability to protect our intellectual property.

Our success depends to some degree on our ability to protect our intellectual property and to operate without infringing on the proprietary rights of third parties. While we have been issued patents and have registered trademarks with respect to many of our products, our competitors could independently develop similar or superior products or technologies, duplicate our designs, trademarks, processes or other intellectual property or design around any processes or designs on which we have or may obtain patents or trademark protection. In addition, it is possible that third parties may have or acquire licenses for other technology or designs that we may use or desire to use, so that we may need to acquire licenses to, or to contest the validity of, such patents or trademarks of third parties. Such licenses may not be made available to us on acceptable terms, if at all, and we may not prevail in contesting the validity of third party rights.

In addition to patent and trademark protection, we also protect trade secrets, know-how and other confidential information against unauthorized use by others or disclosure by persons who have access to them, such as our employees, through contractual arrangements. These agreements may not provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our sales could be materially adversely affected. See Business Intellectual Property.

We depend on the service of key individuals, the loss of whom could materially harm our business.

Our success will depend, in part, on the efforts of our executive officers and other key employees, including Mervin Dunn, our Chief Executive Officer; Gerald L. Armstrong, President CVG Americas; Gordon Boyd, President CVG International; Chad M. Utrup, our Chief Financial Officer and Jim Williams, Vice President of Human Resources. Although we do not anticipate that we will have to replace any of our executive officers in the near future, the loss of the services of any of our key employees could have a material adverse affect on our business, results of operations and financial condition. See Management Employment Agreements.

We may be adversely affected by the impact of environmental and safety regulations.

We are subject to foreign, federal, state, and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating air emissions, wastewater discharges, the generation, storage, handling, use and transportation of hazardous materials; the emission and discharge of hazardous materials into the soil, ground or air; and the health and safety of our colleagues. We are also required to obtain permits from governmental authorities for certain of our operations. We cannot assure you that we are, or have been, in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. In some instances, such a fine or sanction could have a material adverse effect on us. The environmental laws to which we are subject have become more stringent over time, and we could incur material expenses in the future to comply with environmental laws. We are also subject to laws imposing liability for the cleanup of contaminated property. Under these laws, we could be held liable for costs and damages relating to contamination at our past or present facilities and at third party sites to which we sent waste containing hazardous substances. The amount of such liability could be material. We cannot completely eliminate the risk of contamination or injury resulting from exposure to hazardous materials, and we could incur material liability as a result of any such contamination or injury.

Table of Contents

We may be adversely affected by the impact of government regulations on our OEM customers.

Although the products we manufacture and supply to commercial vehicle OEMs are not subject to significant government regulation, our business is indirectly impacted by the extensive governmental regulation applicable to commercial vehicle OEMs. These regulations primarily relate to emissions and noise standards imposed by the Environmental Protection Agency, state regulatory agencies, such as the California Air Resources Board (CARB), and other regulatory agencies around the world. Commercial vehicle OEMs are also subject to the National Traffic and Motor Vehicle Safety Act and Federal Motor Vehicle Safety Standards promulgated by the National Highway Traffic Safety Administration. Changes in emission standards and other proposed governmental regulations could impact the demand for commercial vehicles and, as a result, indirectly impact our operations. For example, new emission standards governing heavy-duty diesel engines that went into effect in the United States on October 1, 2002 resulted in significant purchases of new trucks by fleet operators prior to such date and reduced short term demand for such trucks in periods immediately following such date. New emission standards for truck engines used in Class 5 to 8 trucks imposed by the EPA and CARB are scheduled to come into effect during 2007. To the extent that current or future governmental regulation has a negative impact on the demand for commercial vehicles, our business, financial condition or results of operations could be adversely affected. See Business Government Regulation.

We will be exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act of 2002.

We are in the process of evaluating our internal controls over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, our internal controls. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. While we anticipate being able to fully implement the requirements relating to internal controls and all other aspects of Section 404 by our December 31, 2005 deadline, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations since there is presently no precedent available by which to measure compliance adequacy. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC or The Nasdaq National Market. Any such action could adversely affect our financial results or investors confidence in our company, and could cause our stock price to fall. In addition, our controls and procedures may not comply with all the relevant rules and regulations of the SEC and The Nasdaq National Market. If we fail to develop and maintain effective controls and procedures, we may be unable to provide financial information in a timely and reliable manner.

Equipment failures, delays in deliveries or catastrophic loss at any of our facilities could lead to production or service curtailments or shutdowns.

We manufacture or assemble our products at 27 facilities worldwide. An interruption in production or service capabilities at any of these facilities as a result of equipment failure or other reasons could result in our inability to produce our products, which would reduce our net sales and earnings for the affected period. In the event of a stoppage in production at any of our facilities, even if only temporary, or if we experience delays as a result of events that are beyond our control, delivery times to our customers could be severely affected. Any significant delay in deliveries to our customers could lead to increased returns or cancellations and cause us to lose future sales. Our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. We may experience plant shutdowns or periods of reduced production as a result of equipment failure, delays in deliveries or catastrophic loss, which could have a material adverse effect on our business, results of operations or financial condition.

Table of Contents

The reliability of market and industry data included in this prospectus may be uncertain.

This prospectus contains market and industry data, primarily from reports published by ACT Research and from internal company surveys, studies and research, related to the truck components industry and its segments, as well as the truck industry in general. This data includes estimates and forecasts regarding future growth in these industries, specifically data related to North American truck production, truck freight growth and the historical average age of active heavy-duty trucks. Such data has been published in industry publications that typically indicate that they have derived the data from sources believed to be reasonable, but do not guarantee the accuracy or completeness of the data. While we believe these industry publications to be reliable, we have not independently verified the data or any of the assumptions on which the estimates and forecasts are based. Similarly, internal company surveys, studies and research, which we believe are reliable, have not been verified by any independent sources. The failure of the truck industry and/or the truck components industry to continue to grow as forecasted may have a material adverse effect on our business and the market price of our common stock.

Our indebtedness could adversely affect our financial condition and make it more difficult to implement our business strategy.

As of March 31, 2005, on a pro forma basis, we would have had total indebtedness of $184.4 million, or approximately 56% of our total capitalization.

Our indebtedness could:

- make us more vulnerable to unfavorable economic conditions or changes in our industry;
- make it more difficult to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;
- make it more difficult to pursue strategic acquisitions;
- require us to dedicate a portion of our cash flow from operations for making payments on our indebtedness, which would prevent us from using it for other purposes; and
- make us susceptible to fluctuations in market interest rates that affect the cost of our borrowings to the extent that our variable rate indebtedness is not covered by interest rate hedge agreements.

Restrictions in our senior credit facility limit our ability to incur additional debt, make acquisitions and make other investments.

Our senior credit facility contains covenants that limit our ability to incur indebtedness, restrict our ability to make distributions to stockholders, acquire other businesses, make capital expenditures and impose various other restrictions. In addition, the senior credit facility requires us to maintain various financial ratios, which are likely to become more restrictive over time. If we do not comply with such covenants or satisfy such ratios, our lenders could declare a default under this senior credit facility, and our indebtedness could be declared immediately due and payable. Our ability to comply with the provisions of this senior credit facility may be affected by changes in economic or business conditions beyond our control. In addition, these covenants could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise.

We are subject to certain risks associated with our foreign operations.

We have operations in Europe, Australia, Mexico and China. Collectively, in 2004 sales derived from these operations accounted for approximately 28% of our revenues on an actual basis and, on a pro forma basis, would have accounted for 24% of our revenues. Certain risks are inherent in international operations, including:

- the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;

foreign customers, who may have longer payment cycles than customers in the United States;

tax rates in certain foreign countries, which may exceed those in the United States and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions, including restrictions on repatriation;

intellectual property protection difficulties;

general economic and political conditions in countries where we operate, which may have an adverse effect on our operations in those countries;

the difficulties associated with managing a large organization spread throughout various countries; and

complications in complying with a variety of foreign laws and regulations, which may conflict with United States law.

As we continue to expand our business globally, our success will be dependent, in part, on our ability to anticipate and effectively manage these and other risks associated with foreign operations. We cannot assure you that these and other factors will not have a material adverse effect on our international operations or our business, financial condition or results of operations as a whole.

Risks Relating to this Offering

Future sales of our common stock, including the shares purchased in this offering, may depress our stock price.

Sales of a substantial number of shares of our common stock in the public market by our stockholders after this offering, sales of our common stock by our management or the perception that such sales are likely to occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Upon completion of this offering, we will have outstanding 19,802,065 shares of common stock, assuming no exercise of the underwriters over-allotment option. Of these shares, the 7,916,163 shares of common stock sold in this offering and the 10,284,500 shares of common stock issued in our initial public offering will be freely tradable, without restriction, in the public market.

Upon completion of this offering there will be 1,195,251 shares of our common stock issuable upon exercise of outstanding options issued to our management team. To the extent that such options are exercised there will be further dilution to our new investors. See Management Employee Benefit Plans. After the completion of this offering, holders of approximately 1.5 million shares of our common stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act. See Shares Eligible for Future Sale.

We may issue shares of our common stock from time to time as consideration for or to finance future acquisitions and investments. In the event any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be significant. In addition, we may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments.

The market price of our common stock may be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our common stock could decrease significantly. You may be unable to resell your shares of our common stock at or above the public offering price.

Provisions in our charter documents and Delaware law could discourage potential acquisition proposals, could delay, deter or prevent a change in control and could limit the price certain investors might be willing to pay for our stock.

Certain provisions of our certificate of incorporation and by-laws may inhibit changes in control of our company not approved by our board of directors. These provisions include:

- a classified board of directors with staggered terms;
- a prohibition on stockholder action through written consents;
- a requirement that special meetings of stockholders be called only by the board of directors;
- advance notice requirements for stockholder proposals and director nominations;
- limitations on the ability of stockholders to amend, alter or repeal the by-laws; and
- the authority of the board of directors to issue, without stockholder approval, preferred stock with such terms as the board of directors may determine and additional shares of our common stock.

In addition, Section 203 of the Delaware General Corporation Law prevents us from engaging in a business combination with a person who becomes a 15% or greater stockholder, for a period of three years from the date such person acquired such status, unless certain board or stockholder approvals are obtained. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock.

Ownership change may limit our ability to use certain losses for U.S. federal income tax purposes and may increase our tax liability.

The transactions contemplated herein may result in an ownership change within the meaning of the U.S. federal income tax laws addressing net operating loss carryforwards, alternative minimum tax credits and other similar tax attributes. As a result of such ownership change, as well as any prior ownership changes, there may be specific limitations on our ability to use our net operating loss carryforwards and other tax attributes from periods prior to this offering. It is possible in the future that such limitations could limit our ability to utilize such tax attributes and, therefore, result in an increase in our U.S. federal income tax liability. Such an increase would reduce the funds available for the payments of dividends and might require us to reduce or eliminate the dividends on our common stock.

Table of Contents

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be found throughout this prospectus, particularly under the headings Summary, Risk Factors, Dividend Policy, Management s Discussion and Analysis of Financial Condition and Resul of Operations and Business, among others. Forward-looking statements typically are identified by the use of terms such as may, will, should, expect, anticipate, believe, estimate, intend and similar words, although som forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or state other forward-looking information based on currently available information. The factors listed above under the heading Risk Factors and in the other sections of this prospectus provide a discussion of the most significant risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except to the extent required by applicable securities law.

Table of Contents

USE OF PROCEEDS

We estimate that our net proceeds from the sale of 1,500,000 shares of common stock in this offering will be approximately $22.7 million, after deducting underwriting discounts and commissions and other offering-related expenses. We intend to use the net proceeds from this offering to reduce our borrowings under our revolving credit facility. We intend to use the remaining net proceeds from this offering for general corporate purposes.

We will not receive any of the proceeds from the selling stockholders sale of 6,416,163 shares of common stock in the offering. We expect to receive proceeds of approximately $1.7 million from the payment by members of our management of the exercise price of options to purchase 314,568 shares of our common stock that they intend to exercise in connection with this offering. We intend to use this amount to reduce our borrowings under our revolving credit facility. See Management Management Stock Option Plan.

Affiliates of Robert W. Baird & Co. Incorporated, one of the underwriters in this offering, are selling shares of common stock in this offering. See Selling Stockholders and Underwriting.

As of March 31, 2005, borrowings under our senior credit facility were comprised of $5.9 million of revolving credit borrowings, bearing interest at a weighted average rate of 6.7%, and a $141.1 million term loan, bearing interest at a weighted average rate of 6.6%, which included borrowings of approximately $106.4 million to fund substantially all of the purchase price for the Mayflower acquisition. The revolving credit facility is available until January 31, 2010 and the term loans are due and payable on December 31, 2010. We used additional revolving credit borrowings of approximately $58.0 million under our senior credit facility to fund substantially all of the purchase price and related expenses for the MWC acquisition.

DIVIDEND POLICY

We have not in the past paid, and do not expect for the foreseeable future to pay, dividends on our common stock. Instead, we anticipate that all of our earnings in the foreseeable future will be used in the operation and growth of our business. The payment of dividends by us to holders of our common stock is limited under the terms of our senior credit facility. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions and any other considerations as our board of directors may determine.

Table of Contents

PRICE RANGE OF COMMON STOCK

Our common stock has listed on The Nasdaq National Market since August 5, 2004, under the symbol CVGI. The following table sets forth for the periods indicated the high and low sales prices per share for our common stock as reported on The Nasdaq National Market.

	High	Low
2004:		
Third quarter (beginning August 5, 2004)	$ 16.82	$ 12.95
Fourth quarter	$ 21.90	$ 14.50
2005:		
First quarter	$ 24.38	$ 18.25
Second quarter (through June 28, 2005)	$ 21.74	$ 16.51

The last reported sale price of our common stock on June 28, 2005 was $18.59 per share. As of April 27, 2005, there were approximately 63 holders of record and an estimated 1,050 beneficial owners of our common stock.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2005 on (1) an actual basis, (2) a pro forma basis giving effect to the MWC acquisition and (3) a pro forma basis as further adjusted to give effect to the sale of 1,500,000 shares of common stock by us pursuant to this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds. You should read this table in conjunction with the Use of Proceeds, Unaudited Pro Forma Consolidated Financial Data, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes to those statements included elsewhere in this prospectus.

	As of March 31, 2005		
	Actual	Pro Forma for the MWC Acquisition	Pro Forma As Adjusted
		(In thousands)	
Cash and cash equivalents	$ 1,527	$ 1,527	$ 1,527
Long-term debt (including current maturities):			
Senior credit facility:(1)			
Revolving credit facility	$ 5,851	$ 60,851	$ 36,730
Term loans	141,132	141,132	141,132
Other debt(2)	6,502	6,502	6,502
Total long-term debt	153,485	208,485	184,364
Stockholders equity:			
Preferred stock, $.01 par value per share; 5,000,000 shares authorized; no shares issued and outstanding on an actual or pro forma basis			
Common stock, $.01 par value per share; 30,000,000 shares authorized; 17,987,497 issued and outstanding on an actual basis, and 19,802,065 shares issued and outstanding on a pro forma basis	180	180	182
Additional paid-in capital	123,660	123,660	147,779
Retained earnings (accumulated deficit)	(4,568)	(4,568)	(4,568)
Stock subscriptions receivable	(175)	(175)	(175)
Accumulated other comprehensive income	1,273	1,273	1,273
Total stockholders equity	120,370	120,370	144,491
Total capitalization	$ 273,855	$ 328,855	$ 328,855

(1)

On February 7, 2005, we amended our senior credit facility to increase our revolving credit facility from $40.0 million to $75.0 million and our term loans from $65.0 million to $145.0 million. We used borrowings of approximately $106.4 million under our amended senior credit facility to fund substantially all of the purchase price of the Mayflower acquisition. On June 3, 2005, we further amended our senior credit facility to increase our revolving credit facility from $75.0 million to $100.0 million. We used revolving credit borrowings of approximately $58.0 million under our senior credit facility to fund substantially all of the purchase price and related expenses of the MWC acquisition.

(2) Other debt includes borrowings of $6.5 million financed through the issuance of industrial development bonds relating to our Vonore, Tennessee facility. These bonds were redeemed on May 2, 2005 for approximately $6.5 million.

Table of Contents

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial statements have been derived by the application of pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus. We are providing the following unaudited pro forma financial information because the effects of the Mayflower acquisition, the MWC acquisition and this offering on our financial information are material.

The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2004 and the three months ended March 31, 2004 and 2005 have been prepared to give effect to:

- the Mayflower acquisition;
- the MWC acquisition;
- the sale of 1,500,000 shares of common stock by us pursuant to this offering and the application of the net proceeds therefrom as described in Use of Proceeds ; and
- the exercise of management s options to purchase 314,568 shares of our common stock and the application of the proceeds therefrom as described in Use of Proceeds ,

as if each of these transactions had occurred on January 1, 2004.

The unaudited pro forma consolidated balance sheet data as of March 31, 2005 have been prepared to give effect to the MWC acquisition, the sale of 1,500,000 shares of common stock by us pursuant to this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds, as if each of these transactions had occurred on March 31, 2005.

The adjustments to the unaudited pro forma financial data are based upon valuations and other studies that have not been completed but that management believes to be reasonable. The unaudited pro forma financial data are for informational purposes only and do not purport to represent or be indicative of actual results that would have been achieved had the transactions described above actually been completed on the dates indicated and do not purport to be indicative or to forecast what our balance sheet data, results of operations, cash flows or other data will be as of any future date or for any future period. A number of factors may affect our results. See Cautionary Notice Regarding Forward-Looking Statements and Risk Factors.

The pro forma adjustments are based on preliminary estimates and currently available information and assumptions that management believes are reasonable. The final allocation of shares of common stock to be offered by us and the selling stockholders in this offering may affect the pro forma adjustments. The notes to the unaudited pro forma balance sheet data and statement of operations data provide a detailed discussion of how such adjustments were derived and presented herein. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Selected Historical Financial Data and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
March 31, 2005

	Historical	MWC	MWC Acquisition Adjustments	Offering Adjustments	Pro Forma Consolidated
			(In thousands)		
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 1,527	$ 5,128	$ (5,128)(1)	$	$ 1,527
Accounts receivable, net	102,913	10,431			113,344
Inventories	52,129	7,851			59,980
Prepaid expenses and other current assets	7,027	598	(45)(2)		7,580
Deferred income taxes	7,038	972			8,010
Total current assets	170,634	24,980	(5,173)		190,441
PROPERTY, PLANT AND EQUIPMENT:					
Land and buildings	39,930	10,878			50,808
Machinery and equipment	121,790				121,790
Construction in progress	6,073				6,073
Less accumulated depreciation	(99,434)	(5,491)			(104,925)
Property, plant and equipment net	68,359	5,387			73,746
GOODWILL	145,100	3,250	39,295 (1)		187,645
DEFERRED INCOME TAXES	6,516	657			7,173
OTHER ASSETS, net	7,301	297			7,598
	$ 397,910	$ 34,571	$ 34,122	$	$ 466,603
LIABILITIES AND STOCKHOLDERS INVESTMENT					
CURRENT LIABILITIES:					
Current maturities of long-term debt	$ 16,251	$	$	$	$ 16,251
Accounts payable	67,679	6,401			74,080
Accrued liabilities	38,719	4,337	2,955 (2)		46,011
Total current liabilities	122,649	10,738	2,955		136,342
LONG-TERM DEBT, net of current maturities	137,234		55,000 (3)	(24,121)(5)	168,113
	17,657				17,657

OTHER LONG-TERM LIABILITIES					
Total liabilities	277,540	10,738	57,955	(24,121)	322,112
STOCKHOLDERS INVESTMENT:					
Common stock	180			2 (5)	182
Additional paid-in capital	123,660	33,300	(33,300)(4)	24,119 (5)	147,779
Retained earnings (accumulated deficit)	(4,568)	(9,457)	9,457 (4)		(4,568)
Stock subscription receivable	(175)				(175)
Accumulated other comprehensive income	1,273	(10)	10 (4)		1,273
Total stockholders investment	120,370	23,833	(23,833)	24,121	144,491
	$ 397,910	$ 34,571	$ 34,122	$	$ 466,603

See Notes to Unaudited Pro Forma Consolidated Financial Statements

Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2004

	CVG	Mayflower	MWC	Acquisitions Adjustments	Offering Adjustments	Pro Forma Consolidated(9)
	(In thousands, except per share amounts)					
REVENUES	$ 380,445	$ 206,457	$ 84,056	$	$	$ 670,958
COST OF SALES	309,696	181,209	71,818			562,723
Gross profit	70,749	25,248	12,238			108,235
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	28,985	3,659	4,670			37,314
NONCASH OPTION CHARGE	10,125					10,125
AMORTIZATION EXPENSE	107		30			137
Operating income	31,532	21,589	7,538			60,659
OTHER (INCOME) EXPENSE	(1,247)	765				(482)
INTEREST EXPENSE (INCOME)	7,244	(170)	135	11,096 (6)	(1,688)(8)	16,617
LOSS ON EARLY EXTINGUISHMENT OF DEBT	1,605					1,605
Income (loss) before provision for income taxes	23,930	20,994	7,403	(11,096)	1,688	42,919
PROVISION (BENEFIT) FOR INCOME TAXES	6,481	7,865	2,961	(3,906)(7)	675 (7)	14,076
NET INCOME (LOSS)	$ 17,449	$ 13,129	$ 4,442	$ (7,190)	$ 1,013	$ 28,843
BASIC EARNINGS (LOSS) PER SHARE	$ 1.13					$ 1.68
DILUTED EARNINGS (LOSS) PER SHARE	$ 1.12					$ 1.66

See Notes to Unaudited Pro Forma Consolidated Financial Statements

Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
Three Months Ended March 31, 2005

	CVG	Mayflower	MWC	Acquisitions Adjustments	Offering Adjustments	Pro Forma Consolidated(9)
			(In thousands, except per share amounts)			
REVENUES	$ 152,415	$ 23,986	$ 23,946	$	$	$ 200,347
COST OF SALES	126,163	21,553	19,126			166,842
Gross profit	26,252	2,433	4,820			33,505
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,549	727	1,168			11,444
AMORTIZATION EXPENSE	24		3			27
Operating income	16,679	1,706	3,649			22,034
OTHER (INCOME) EXPENSE	(2,881)					(2,881)
INTEREST EXPENSE (INCOME)	2,168	793	(2,230)	3,193 (6)	(422)(8)	3,502
Income (loss) before provision for income taxes	17,392	913	5,879	(3,193)	422	21,413
PROVISION (BENEFIT) FOR INCOME TAXES	6,506	396	1,929	(855)(7)	169 (7)	8,145
NET INCOME (LOSS)	$ 10,886	$ 517	$ 3,950	$ (2,338)	$ 253	$ 13,268
BASIC EARNINGS (LOSS) PER SHARE:	$ 0.61					$ 0.67
DILUTED EARNINGS (LOSS) PER SHARE:	$ 0.59					$ 0.66

See Notes to Unaudited Pro Forma Consolidated Financial Statements

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
Three Months Ended March 31, 2004

	Mayflower	MWC	Acquisitions Adjustments	Offering Adjustments	Pro Forma Consolidated(9)
		(In thousands, except per share amounts)			
990	$ 42,768	$ 21,185	$	$	$ 149,943
503	37,850	19,907			128,260
487	4,918	1,278			21,683
497	1,019	994			9,510
36		20			56
954	3,899	264			12,117
270)	(229)				(3,499)
268	(37)	144	2,658 (6)	(422) (8)	4,611
956	4,165	120	(2,658)	422	11,005
407	1,615	48	(1,012) (7)	169 (7)	4,227
549	$ 2,550	$ 72	$ (1,646)	$ 253	333,485 26

440,419 120,000 400,008 69,457 166,894 25
437,308 801,645 120,267 21,500 10
447,891 252,015 62,999 265,879

421,289	100,000	271,758	39,764	123,975
427,793		156,992	68,845	16,206

(1) These amounts reflect a bonus paid during the first quarter of the following fiscal year, for services rendered in connection with the negotiation and closing of the RSG acquisition.

(2) The amounts in this column represent the estimated grant date fair value of time-based and performance-based restricted stock unit awards computed in accordance with FASB ASC Topic 718. These amounts are recognized by the Company as share-based compensation expense over a three-year period. Assuming performance-based restricted stock units vest at the maximum level, the grant date values of fiscal year 2016 performance-based restricted stock units would be as follows: Mr. Buck: $283,505; Mr. Isabella: $1,575,003; Mr. Nowicki: $504,742; Mr. Cooper: $283,505. For additional information regarding assumptions underlying the valuation of equity awards and the calculation methods, please refer to Note 2 of our audited financial statements included in our Annual Report on Form 10-K for fiscal year 2016.

(3) The amounts in this column represent the grant date fair value of the stock options computed in accordance with FASB ASC Topic 718. These amounts are recognized by the Company as share-based compensation expense over the three-year vesting period. For additional information, please refer to Note 2 of our audited financial statements included in our Annual Report on Form 10-K for fiscal year 2016.

(4) These amounts represent the annual cash incentives that were paid during the first quarter of the following fiscal year.

(5) Includes Company matching and profit-sharing contributions to the 401(k) plan (combined fiscal year 2016 totals of $10,920 for Mr. Buck, $12,000 for Mr. Isabella, $8,642 for Mr. Cooper and $12,935 for Mr. Nowicki) along with auto allowance and fuel cost reimbursement.

TABLE OF CONTENTS

The following table sets forth the individual grants of plan-based awards to the named executive officers during the fiscal year ended September 30, 2016:

FISCAL 2016 GRANTS OF PLAN-BASED AWARDS

(1) The non-equity incentive plan awards above were based on Company-wide AEBT and individual performance. See Compensation Discussion and Analysis under the heading Annual Cash Incentives.

(2) The vesting of these restricted units is subject to both performance-based and time-based requirements. The performance-based metrics are satisfied upon the Company meeting a cumulative two-year adjusted earnings per share (EPS) target and acquisition synergy target for fiscal years 2016 and 2017, each weighted at 50%, and the units can vest at a percentage equal to 0% to 150% of the target. The time-based vesting requirement is satisfied on the third anniversary of the grant date. See Compensation Discussion and Analysis under the heading Equity Compensation.

(3) The time-based restricted stock units granted November 2015 will vest and be convertible into common shares upon the third anniversary of the grant date.

(4) These options vest (*i.e.*, become exercisable) in three equal parts on the first, second and third anniversaries of the grant date and expire ten years from the date of grant. See Compensation Discussion and Analysis under the heading Equity Compensation.

(5) This column shows the grant date fair value of stock options and restricted units awarded to the named executives in fiscal year 2016, computed in accordance with FASB ASC Topic 718. Assumptions used in calculating these amounts are included in Note 11 of our audited financial statements included in our Annual Report on Form 10-K for fiscal 2016.

TABLE OF CONTENTS

The following table sets forth details of all of the outstanding equity awards of the named executive officers as of September 30, 2016:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

		Option Awards[1]				Stock Awards			
Name	Grant date	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested[2] (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested[3] (#)	Equity incentive plan awards: market or payout value of unearned shares, units or units other rights that have not vested ($)
Robert R. Buck	11/18/2011	2,004		$18.72	11/18/2021				
	11/14/2012	3,218		$30.15	11/14/2022				
	11/22/2013	3,157	1,579	$36.19	11/22/2023				
	11/22/2013					1,100	$46,277		
	11/22/2013							3,666	$154,229
	11/21/2014	1,547	3,094	$28.64	11/21/2024				
	11/21/2014					2,196	$92,386		
	11/21/2014							4,392	$184,771
	11/20/2015		5,147	$37.89	11/20/2025				
	11/20/2015					1,663	$69,962		
	12/23/2015							4,562	$191,923
Paul M. Isabella	10/22/2008	40,000		$12.25	10/22/2018				
	11/6/2009	31,100		$14.45	11/6/2019				
	11/16/2010	12,019		$15.47	11/16/2020				
	1/1/2011	10,000		$17.87	1/1/2021				
	11/18/2011	22,000		$18.72	11/18/2021				
	11/14/2012	17,659		$30.15	11/14/2022				
	11/22/2013	15,815	7,907	$36.19	11/22/2023				
	11/22/2013					5,510	$231,806		
	11/22/2013							18,363	$772,531
	11/21/2014	7,749	15,498	$28.64	11/21/2024				

	11/21/2014					10,999	$462,728		
	11/21/2014							21,997	$925,414
	11/20/2015		28,595	$37.89	11/20/2025				
	11/20/2015					9,237	$388,601		
	12/23/2015							25,344	$1,066,222
Joseph M. Nowicki	3/25/2013	5,000		$38.43	3/25/2023				
	11/22/2013	5,021	2,510	$36.19	11/22/2023				
	11/22/2013					1,749	$73,580		
	11/22/2013					14,573 [4]	$613,086		
	11/22/2013							5,829	$245,226
	11/21/2014	2,460	4,920	$28.64	11/21/2024				
	11/21/2014					3,492	$146,908		
	11/21/2014					3,194 [5]	$134,372		
	5/13/2015							6,983	$293,775
	11/20/2015		9,232	$37.89	11/20/2025				
	11/20/2015					2,982	$125,453		
	12/23/2015							8,122	$341,693

TABLE OF CONTENTS

		Option Awards[1]				Stock Awards			
Name	Grant date	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested[2] (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested[3] (#)	Equity incentive plan awards: market or payout value of unearned shares, units or units other rights that have not vested ($)
Ross D. Cooper	11/14/2012	4,000		$30.15	11/14/2022				
	11/22/2013	2,874	1,437	$36.19	11/22/2023				
	11/22/2013					1,001	$42,112		
	11/22/2013							3,337	$140,388
	11/21/2014	1,409	2,816	$28.64	11/21/2024				
	11/21/2014					1,999	$84,098		
	11/21/2014							3,998	$168,196
	5/13/2015					3,194[5]	$134,372		
	11/20/2015		5,147	$37.89	11/20/2025				
	11/20/2015					1,663	$69,962		
	12/23/2015							3,596	$151,284

(1) All options granted under our 2004 Stock Plan and our 2014 Stock Plan vest in three equal parts on the first, second and third anniversary of the date of grant.

(2) These time-based restricted stock units will vest and be convertible into common shares upon the third anniversary of the grant date, unless noted otherwise. The total market value is based on the price of our common stock of $42.07 per share at the end of fiscal year 2016.

(3) The vesting of these restricted stock units is subject to the Company meeting defined performance metrics. These restricted stock units vest on the third anniversary of the date of grant. The total market value is based on the price of our common stock of $42.07 per share at the end of fiscal year 2016 and vesting at target.

(4) These time-based restricted stock units have been granted by the Compensation Committee to encourage Mr. Nowicki to remain with the Company long term and represent units that will vest and be convertible into common shares upon the fifth anniversary of the grant date.

(5) These time-based restricted stock units have been granted by the Compensation Committee to encourage Mr. Nowicki and Mr. Cooper to remain with the Company long term and represent units that will vest and be convertible into common shares upon the second anniversary of the grant date.

Options Exercised and Stock Vested

The following table sets forth certain information regarding option awards exercised by the named executive officers during the fiscal year ended September 30, 2016.

Name	Option Awards Number of shares acquired on exercise (#)	Value realized on exercise[(1)] ($)
Paul M. Isabella	45,000	$ 1,722,339
Ross D. Cooper	4,697	$ 140,214

(1) Values are calculated by multiplying the differences between the market prices and exercise prices on the dates of the exercises of the options by the number of common shares acquired upon the exercises of such options.

No shares were acquired by stock awards vesting by the named executive officers during the fiscal year ended September 30, 2016.

36

Potential Payments upon Termination or Change-in-Control

Equity Award Agreements

Pursuant to stock option agreements with our named executive officers, all of their outstanding stock options will vest upon death, disability or retirement (i.e., termination on or after age 65) and in the event of a change in control. Based on the price of the Company s stock of $42.07 as of September 30, 2016, the values of unvested stock options for the named executives as of that date (based on the difference between such stock price and the exercise prices) were as follows: Mr. Buck $72,351, Mr. Isabella $374,158, Mr. Nowicki $119,424 and Mr. Cooper $67,783.

Pursuant to restricted unit awards with our named executive officers, restricted units will vest upon death or disability (at target in the case of performance-based awards). Based on the price of the Company s stock of $42.07 as of September 30, 2016, the values of the number of unvested restricted units that would vest on death or disability as of that date for the named executive officers were as follows: Mr. Buck $739,548, Mr. Isabella $3,847,302, Mr. Nowicki $1,974,093 and Mr. Cooper $790,412. Upon a change in control, restricted units will vest (at the maximum level in the case of performance-based units, except as provided below). Based on the price of the Company s stock of $42.07 as of September 30, 2016, the values of the number of unvested restricted units that would vest on a change in control as of that date for the named executive officers were as follows: Mr. Buck $920,260, Mr. Isabella $4,804,899, Mr. Nowicki $2,279,689 and Mr. Cooper $943,199. In the case of retirement, restricted units will vest (in the case of performance-based units, at the end of the performance period based on actual performance (or upon death, if earlier, at the target level)). Please see the second sentence of this paragraph for the values of the number of restricted units that would vest upon retirement, based on the price of the Company s stock of $42.70 as of September 30, 2016, for the named executive officers, assuming that performance-based units vest at target.

Beginning in fiscal 2015, equity awards contain a double trigger change in control mechanism. Unless an award is continued or assumed by a public company in an equitable manner, an award shall become fully vested immediately prior to a change in control (at 100% in the case of a performance-based award). If an award is so continued or assumed, vesting will continue in accordance with the terms of the award, unless there is a qualifying termination within one-year following the change in control, in which event the award shall become fully vested immediately (at 100% in the case of a performance-based award).

Employment Agreements

There are no employment, severance or change-in-control agreements currently entered into by and between any current executive officer and the Company.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended September 30, 2016, the Compensation Committee of our Board of Directors was comprised of Stuart Randle, Alan Gershenhorn, Philip Knisely and Richard Frost. There are no Compensation Committee interlocks. None of the members of the Compensation Committee is an officer, employee or former officer or employee of the Company or any of our subsidiaries.

TABLE OF CONTENTS

Compensation of Directors

The table below summarizes the compensation we paid to our non-employee directors during the year ended September 30, 2016.

Name	Fees earned or paid in cash ($)	Stock awards[(1)] ($)	Total ($)
Carl T. Berquist	$ 15,412	$ 90,042	$ 105,454
Richard W. Frost	$ 70,000	$ 89,993	$ 159,993
Alan Gershenhorn	$ 55,000	$ 89,993	$ 144,993
Peter M. Gotsch[(2)]	$ 97,500	$ 89,993	$ 187,993
Philip Knisely	$ 55,000	$ 168,522 [(3)]	$ 223,522
Robert M. McLaughlin	$ 15,412	$ 90,042	$ 105,454
Neil S. Novich	$ 85,000	$ 89,993	$ 174,993
Stuart A. Randle	$ 80,000	$ 89,993	$ 169,993
Douglas L. Young	$ 65,000	$ 89,993	$ 154,993

(1) These amounts reflect the total estimated grant date fair value of restricted stock units computed in accordance with FASB ASC Topic 718.

(2) Lead Independent Director.

(3) Mr. Knisely resigned from the Board in May 2016 and forfeited his outstanding unvested awards; therefore this amount does not include grants from October 2015 and February 2016 with estimated grant date fair values of $32,789 and $89,993, respectively. The stock award value is derived from an award Mr. Knisely received in August 2016 after rejoining the Board that included a special grant equal to the value from his previously forfeited shares.

As of September 30, 2016, options outstanding, options exercisable and stock awards outstanding for each non-employee director included the following:

Name	Options outstanding	Options exercisable	Stock awards outstanding
Carl T. Berquist			2,033
Richard W. Frost			12,872
Alan Gershenhorn			4,863
Peter M. Gotsch			19,146
Philip Knisely			3,639
Robert M. McLaughlin			2,033
Neil S. Novich			12,872
Stuart A. Randle	25,220	25,220	19,146
Douglas L. Young			7,468

Our non-employee director compensation program is comprised of the following:

- an annual retainer of $55,000;
- an annual stock award valued at approximately $90,000 which fully vests on the first anniversary of the grant date but

does not settle until the date of the director s termination of service on the Board, except that, beginning in fiscal year 2016, directors holding common stock and outstanding vested unexercised/unsettled equity awards with a total fair value that is greater than or equal to five times the annual cash retainer may elect to have future grants settle simultaneously with vesting (grants made prior to fiscal 2014 settle on a date that is six months after the director s termination of service on the Board);

TABLE OF CONTENTS

- an additional annual retainer of $25,000 for the Lead Independent Director;
- an additional annual retainer of $20,000 for the Audit Committee Chair and $10,000 for the other committee chairs; and
- an additional annual retainer of $10,000 for service on the Audit Committee and $7,500 for service on the other committees.

In addition, non-employee directors are subject to stock ownership guidelines that require directors to hold common stock and outstanding vested unexercised/unsettled equity awards with a total fair value greater than or equal to five times the annual cash award before any vested restricted stock units may be settled prior to termination of service on the Board.

Additional fees may be payable if the number of Board or committee meetings exceed 12 or 8, respectively, during a fiscal year. We reimburse members of our Board of Directors for any out-of-pocket expenses they incur in connection with services provided as directors.

Directors who are employees of the Company do not receive compensation for their services as directors.

CORPORATE GOVERNANCE

We operate within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. We regularly monitor developments in the area of corporate governance. We are subject to the Sarbanes-Oxley Act and the Dodd-Frank Act which, among other things, establish, or provide the basis for, a number of corporate governance standards and disclosure requirements. We are following the requirements of the Sarbanes-Oxley Act, the Dodd-Frank Act and SEC rules as they relate to us.

EMPLOYEE CODE OF BUSINESS ETHICS AND CONDUCT

We have adopted the Beacon Roofing Supply, Inc. Code of Conduct, a code of ethics that applies to all of our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Corporate Controller, and any other persons performing similar functions. This code of conduct is available on our website at *www.becn.com*. If we make any substantive amendments to this code of conduct or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, or any other persons performing similar functions, we will disclose the nature of such amendment or waiver on our website within four business days.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Investment Agreement Amendment

In connection with the acquisition of Roofing Supply Group, LLC (RSG), the Company entered into Investment Agreement, dated as of July 27, 2015, as amended, with CD&R Roadhouse Holdings, L.P., an affiliate of Clayton Dubilier & Rice, LLC and the controlling stockholder of RSG (the CD&R Stockholder), that, among other things, provides that the CD&R Stockholder (i) may designate two directors to the Company s board of directors, for so long as the CD&R Stockholder and its affiliates hold at least 58.6% of the shares of the Company s common stock received by the CD&R Stockholder at the closing of the RSG acquisition, and (ii) may designate one director to the Company s board of directors for so long as the CD&R Stockholder and its affiliates hold less than 58.6%, but at least 3.0%, of such shares; provided that the CD&R Stockholder and its affiliates shall not be entitled to such one director designee pursuant to clause (ii) if they own less than 4.0% of the shares of the Company s common stock then outstanding and the number of members of the Company s board of directors is at such time less than eight. In May 2016, the CD&R Stockholder sold all of its shares of Company common stock, and its board designees, including Philip W. Knisely, resigned from the board. Mr. Knisely was subsequently reappointed to the board to fill a vacancy and no longer serves on the board as a CD&R Stockholder designee.

CD&R Registration Rights Agreement

In connection with the acquisition of RSG, on October 1, 2015, the Company entered into a registration rights agreement with the CD&R Stockholder (the CD&R Registration Rights Agreement), pursuant to which the Company agreed to file a resale shelf registration statement for the benefit of the CD&R Stockholder and certain of its permitted transferees. The CD&R Stockholder and such transferees also had the right to request that the Company include their shares in certain future registration statements or offerings of common stock by the Company. These rights terminated when the CD&R Stockholder no longer owned any shares of the Company common stock.

POLICIES AND PROCEDURES WITH RESPECT TO TRANSACTIONS WITH RELATED PERSONS

Our finance and legal departments are primarily responsible for identifying and reviewing relationships and transactions in which the Company and our directors, executive officers, and/or certain of our stockholders or their immediate family members are participants to determine whether any of these related parties had or will have a direct or indirect material interest. In order to identify potential related person transactions, our legal department annually prepares and distributes to all directors and named executives a written questionnaire which includes questions intended to elicit information about any related person transactions. Pursuant to the Company s written contract review policy, approved by our Board, all agreements covered by this policy with Related Persons, as that term is defined pursuant to Item 404(a) of SEC Regulation S-K, must be submitted for review and approval by the Audit Committee. In evaluating related person transactions, our Audit Committee members apply the same standards of good faith and fiduciary duty they apply to their general responsibilities as a committee of the Board and as individual directors. The Audit Committee may approve a related person transaction when, in its good faith judgment, the transaction is in the best interests of the Company.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The firm of Ernst & Young LLP, independent registered public accounting firm, has been our auditor since 1997 and has advised us that the firm does not have any direct financial interest or indirect financial interest in the Company or any of its subsidiaries. It is expected that a representative of such firm will (i) attend the 2017 annual meeting, (ii) have an opportunity to make a statement if they desire to do so, and (iii) be available to respond to appropriate questions.

OTHER BUSINESS

The Board of Directors knows of no other business to be brought before the annual meeting. If, however, any other business should properly come before the annual meeting, the persons named in the accompanying proxy will vote proxies as in their discretion they may deem appropriate, unless they are directed by a proxy to do otherwise.

A copy of our annual report on Form 10-K for the fiscal year ended September 30, 2016, including the financial statements and schedules but excluding certain exhibits, will be made available without charge to interested shareholders upon written request to us.

INFORMATION CONCERNING SHAREHOLDER PROPOSALS

Shareholders interested in presenting a proposal for consideration at our 2017 annual meeting of shareholders may do so by following the procedures prescribed in Rule 14a-8 promulgated by the Securities and Exchange Act of 1934. To be eligible for inclusion in the proxy statement and form of proxy relating to the meeting, shareholder proposals must be received by our Corporate Secretary no later than September 8, 2017. In accordance with our Bylaws, any shareholder proposal submitted other than for inclusion in the proxy materials for that meeting must be delivered to us no earlier than October 13, 2017 and no later than November 12, 2017, or such proposal will be considered untimely. This notice must contain the information required by our Bylaws.

By Order of the Board of Directors

/s/ Ross D. Cooper

ROSS D. COOPER, *Secretary*
Herndon, Virginia
January 6, 2017

41

TABLE OF CONTENTS

Appendix A

SENIOR EXECUTIVE ANNUAL INCENTIVE PLAN

(Effective as of October 1, 2016)

I. PURPOSE

The Beacon Roofing Supply Senior Executive Annual Incentive Plan (the SEIP) is designed to provide for Awards to selected executive officers who contribute in a substantial degree to the success of the Company and who are in a position to have a direct and significant impact on the growth and success of the Company, thus affording to them a means of participating in that success and an incentive to contribute further to that success. The SEIP is intended to ensure that payments made under the SEIP or other incentive arrangements qualify as performance-based compensation as described in Section 162(m) of the Internal Revenue Code.

II. DEFINITIONS

The following words and phrases shall have the meanings set forth below:

2.1. AEBT shall mean achieved income before taxes, as reported in the Company s consolidated financial statements, adjusted to exclude amortization and stock compensation expense and the impact of significant: gains (losses) on the disposal of assets; asset impairments, retirements or write-downs; gains (losses) associated with legal, insurance or tax settlements/adjustments; restructuring, severance or pension-related charges; or other similar items out of the ordinary course of business.

2.2. Affiliate means any corporation that together with the Company constitutes an affiliated group of corporations as described in Section 1504 of the Internal Revenue Code (without regard to Section 1504(b) thereof).

2.3. Award shall mean an award of incentive compensation pursuant to the SEIP.

2.4. Award Fund shall mean the aggregate amount made available in any Performance Year pursuant to Article V hereof from which Awards determined under Article VI hereof may be made.

2.5. Committee shall mean the Compensation Committee of the Board of Directors of the Company or such other committee appointed to administer the SEIP by the Board of Directors of the Company that is comprised of at least two members of the Board of Directors, each of whom shall meet applicable requirements set forth in Section 162(m) of the Internal Revenue Code and the regulations thereunder.

2.6. Company shall mean Beacon Roofing Supply, Inc., a Delaware corporation.

2.7. Participant shall mean each individual described in Article IV of the SEIP.

2.8. Performance Year shall mean each fiscal year of the Company.

2.9. SEIP shall mean this Beacon Roofing Supply Senior Executive Annual Incentive Plan, as amended from time to time.

III. ADMINISTRATION

The SEIP shall be administered by the Committee, which shall have full power and authority to construe, interpret and administer the SEIP, and make such determinations and take such action in connection with or in relation to the SEIP as it deems necessary. Each determination made by the Committee shall be final, binding and conclusive for all purposes and upon all persons. The Committee may rely conclusively on the determinations made by the Company s independent public accountants with respect to matters within their expertise.

TABLE OF CONTENTS

IV. ELIGIBILITY

Any executive officer of the Company or an Affiliate designated by the Committee is eligible to participate in the SEIP with respect to a Performance Year. No later than 90 days after the commencement of each Performance Year, the Committee shall, in writing, designate the Participants who are eligible to receive an Award for such Performance Year.

V. AWARD FUND

An Award Fund shall be established at five percent of the Company s AEBT for each Performance Year, provided that the Committee reserves the right to decrease the amount of the Award Fund in any given Performance Year. No amounts shall be paid under the SEIP for any Performance Year unless the Company has AEBT in such Performance Year.

VI. AWARDS

No later than 90 days after the commencement of each Performance Year, the Committee shall determine the percentage of the Award Fund to allocate to each Participant as an Award for such Performance Year; provided that for any given Performance Year, no one Participant shall be allocated an Award that exceeds 50% of the Award Fund, and the sum of the Awards shall not exceed 100% of the Award Fund.

VII. ADJUSTMENT AND LIMITATIONS

7.1. Adjustment. The Committee may not increase the amount payable with respect to any Award, but the Committee reserves the right to decrease or eliminate any Award to any Participant. In determining Awards, the Committee shall exercise discretion only to the extent permitted in Section 162(m) of the Internal Revenue Code and the regulations thereunder. In making such determinations, the Committee may establish factors to take into account in implementing its discretion, including, but not limited to, achievement of business objectives and individual objectives, including the objectives established under the Executive Annual Incentive Plan, and, except in the case of the Award for the Chief Executive Officer of the Company, the recommendations of the Chief Executive Officer of the Company.

7.2. Maximum Award. Notwithstanding the foregoing, the maximum Award payable to a Participant shall not exceed (a) the lesser of the Participant s Award established pursuant to Article VI or $4 million, in the case of the Chief Executive Officer; and (b) the lesser of the Participant s Award established pursuant to Article VI or $2 million, in the case of each Participant other than the Chief Executive Officer.

VIII. PAYMENT

Prior to the payment of any Award under the SEIP, the Committee shall certify in writing that all applicable material conditions for such Award, including the conditions set forth in Article V, Article VI and this Article VIII, have been satisfied. In making this certification, the Committee will be entitled to rely upon an appropriate officer s certificate from the Company s Chief Financial Officer. Subject to the immediately preceding sentence, payment of the individual Awards will be made in a lump sum cash payment no later than December 15 following the end of the Performance Year to which the Award relates.

IX. EFFECTIVE DATE; AMENDMENT OR TERMINATION

9.1. Effective Date. The SEIP shall be effective for Performance Years beginning on and after October 1, 2016, provided that the SEIP receives shareholder approval at the Company s 2017 Annual Meeting of Shareholders. If such shareholder approval is not obtained, any Awards granted to Participants shall be null and void.

9.2. Amendment or Termination. The SEIP may be amended or revised at any time by the Committee and may be discontinued or terminated in whole or in part at any time by the Board of Directors of the Company, provided, however, that no amendment requiring shareholder approval under Section 162(m) of the Internal Revenue Code will be made without obtaining such shareholder approval. The SEIP will continue in operation until discontinued or terminated as herein provided.

TABLE OF CONTENTS

X. MISCELLANEOUS

10.1. Neither the action of the Company in establishing the SEIP, nor any action taken by it or by the Committee under the provisions hereof, nor any provision of the SEIP, shall be construed as giving to any Participant the right to be retained in the employ of the Company or its Affiliates.

10.2. The Company may offset against any payments to be made to a Participant or his/her beneficiary under the SEIP any amounts owing to the Company or Affiliates from the Participant for any reason.

10.3. Nothing in the SEIP shall obligate the Company to set aside funds to pay for the Awards determined hereunder, or to pay Awards under the SEIP.

10.4. The validity, construction and effect of the SEIP or any incentive payment payable under the SEIP shall be determined in accordance with the laws of the State of Delaware.

10.5. The Company shall have the right to make all payments or distributions pursuant to the SEIP to a Participant, net of any applicable Federal, State and local taxes required to be paid or withheld. The Company shall have the right to withhold from wages, Award payments or other amounts otherwise payable to such Participant such withholding taxes as may be required by law, or to otherwise require the Participant to pay such withholding taxes.

10.6. The SEIP shall be binding upon and inure to the benefit of the Company and its successors and assigns.

TABLE OF CONTENTS