



SAFETY



COMFORT



INNOVATION



HEALTH



2011 ANNUAL REPORT



## OUR VISION

To become the leading global supplier of commercial vehicle component systems

for our stockholders, customers and employees by focusing on our

### STRATEGIC OBJECTIVES

Geographic Diversity | End Market Diversification | Technology Leader | People Development

### SUCCESS FACTORS

Safety | Quality | Profitability | Customer Satisfaction | Stockholder Value

### VALUES

Continuous Improvement | Innovation & Creativity | Integrity | Teamwork | Passion







# LETTER FROM THE CEO

## AN IMPRESSIVE YEAR

2011 marked another successful year for CVG and we are extremely proud of our accomplishments. Each quarter of 2011 was marked with both financial and operational improvements over the preceding quarter, which are reflected in our strong financial results.

Current market research suggests that we will continue to see improvements in the North American Class 8 market in 2012. In addition, the global construction market remains a key revenue generator for CVG and shows signs of continued growth in the years to come.

## CONTINUING TO GROW AND DIVERSIFY

In 2011, we added new business in Asia that included Beiqi Foton, a domestic Chinese truck manufacturer. We also gained new Chinese business with global companies such as John Deere and Cummins.

We acquired Bostrom Seating and Stratos Seating, which not only enabled us to increase our market share in North America, but also increased our product and brand portfolio and expanded our global presence. The integration of these companies into the CVG family is proceeding successfully and according to plan.

We also signed a new joint venture agreement with Hema Engineering in India providing a path for CVG to produce seats and seating components for the Indian commercial vehicle market, a new market that presents us with strong opportunities for future growth. Through this joint venture, we also plan to supply seats and components to other global CVG locations in the future.

With such strong growth in China and opportunities in other regions such as India, Brazil and Mexico, we believe that our long-term growth strategy is on the right path.

To support our growth plans, additional investment has been necessary to gain new business in existing and emerging markets. Prime examples include the investment in our new facilities in Saltillo, Mexico and Beijing, China. These projects are continuing on time, within budget and provide excellent platforms for growth with strong global customers.

With our strong balance sheet and liquidity, we believe we are in an excellent position to continue our search for strategic acquisitions and seek opportunities that fit into our strategic goals of global expansion and diversification.

#### CUSTOMER APPRECIATION AND COMMITMENT

Because of the hard work of our employees during 2011, we recently received official notification that our Electrical Systems facility has been awarded Platinum status under the Caterpillar Supplier Quality Excellence Process program. Only the highest-performing suppliers meeting Caterpillar's stringent requirements covering process-capability, quality, continuous-improvement, delivery and six-sigma deployment can receive Platinum-level recognition.

#### LOOKING FORWARD

Our strategy and vision remains the same. We will continue to focus on long-term growth by pursuing product and end market diversification and expanding our global footprint. By doing so, we sustain our position as a global leader in the commercial vehicle market and increase stockholder value.



Mervin Dunn  
President and Chief Executive Officer



“ .....we believe we are in an excellent position to continue our search for new acquisitions and other global opportunities. ”

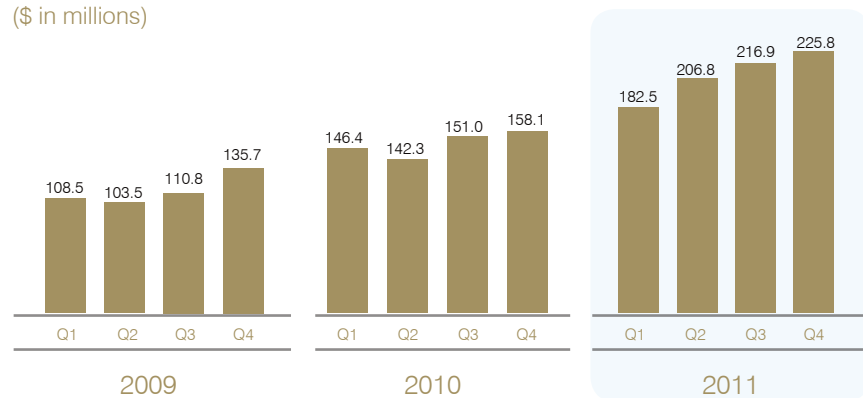
## FINANCIAL HIGHLIGHTS FROM THE CFO

Our commitment to our long-term strategy, customers, employees and stockholders is reflected in our results for 2011 as we continue to build a strong balance sheet to pursue strategic and growth opportunities. In April 2011, we completed a \$250 million bond offering, which reduced our overall cost of debt to 7.875% and simplified our capital structure. With our strong liquidity, we are well positioned to continue our efforts in expanding our global footprint and diversifying our end markets.

Our ongoing focus on operating and financial improvements was marked in the fourth quarter of 2011 as we achieved our highest revenue, operating income and diluted earnings per share since the fourth quarter of 2006, as well as our




QUARTERLY REVENUE  
(\$ in millions)



eleventh consecutive quarter of adjusted operating income (when excluding fixed asset and long-lived asset impairment charges and restructuring charges). This achievement is something we are very proud of and is the result of the dedication and hard work of our employees.

We are excited and looking forward to the opportunities and growth we know we can achieve as we move forward.

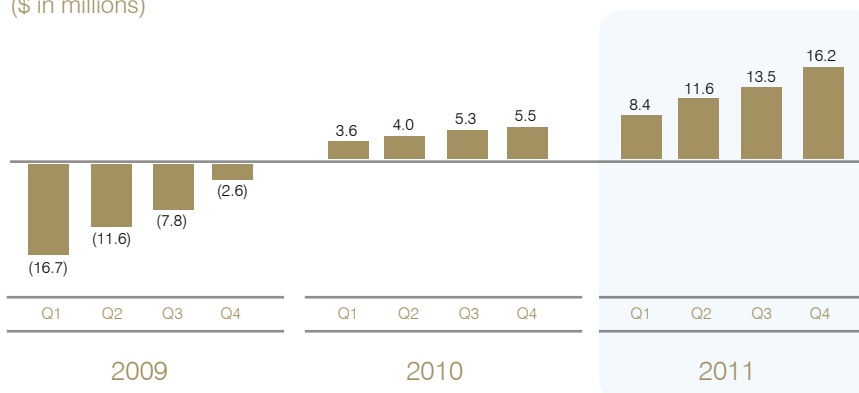


Chad M. Utrup  
Chief Financial Officer



“ With our strong liquidity, we are well positioned to continue our efforts in expanding our global footprint and diversifying our end markets. ”

ADJUSTED OPERATING INCOME<sup>1</sup>  
(\$ in millions)



SELECT FINANCIAL DATA  
(\$ in thousands)

	2007	2008	2009	2010	2011
Revenues	696,786	763,489	458,569	597,779	832,022
Adjusted Operating Income <sup>1</sup>	20,254	16,137	(38,606)	18,446	49,725
Total Assets	599,089	354,761	250,509	286,207	406,884
Working Capital <sup>2</sup>	117,172	87,669	75,785	116,077	193,783
Total Debt	159,725	164,895	162,644	164,987	250,000
Capital Expenditures, Net	17,274	12,523	6,140	10,645	22,291

<sup>1</sup> Excludes goodwill, intangible long-lived asset impairments of approximately \$207.5 million and \$47.4 million for 2008 and 2009, respectively, and restructuring charges of approximately \$1.4 million for 2007, \$3.7 million for 2009, \$1.7 million for 2010 and \$0.7 million for 2011.

<sup>2</sup> Current assets less current liabilities.

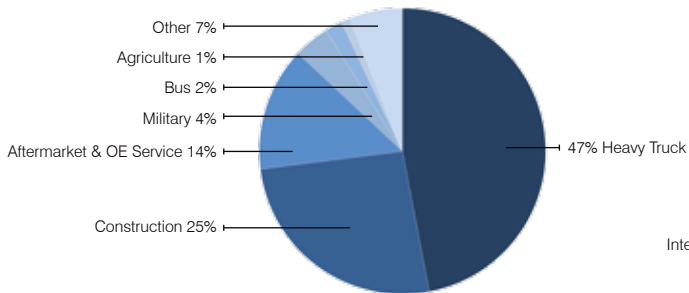
# 2011

## OUR PRODUCTS OUR MARKETS OUR CUSTOMERS

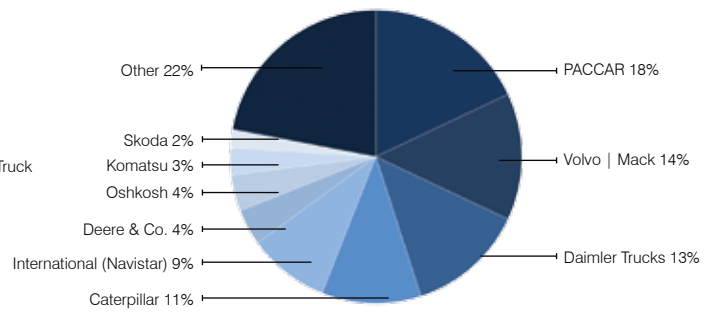
### PRODUCT GROUPS



### END MARKETS



### CUSTOMERS







## CUSTOMIZED SOLUTIONS

CVG offers OEMs a broad range of products and system solutions for a variety of end market vehicle applications that include local and long-haul commercial trucking, bus, construction, mining, agricultural, military, general industrial, marine, municipal, recreational and specialty vehicles. Fleets and OEMs continue to focus on cabs and interiors to differentiate their products and improve operator comfort and retention and they often look to CVG to provide integrated, quality products to enhance their product lines. Although a portion of our products are sold directly to OEMs as finished components, we also supply “systems” or “subsystems,” which are groups of component parts located throughout the vehicle that operate together to provide a specific vehicle function. Systems currently produced by us include cab bodies, sleeper boxes, seating, interior trim, body panels, storage cabinets, floor covering, mirrors, windshield wipers, headliners, temperature measurement devices and wire harnesses.

## STRONG GLOBAL BRANDS



CVG offers strong global brands that strengthen our position as an industry leader in several of the markets we serve. We supply our customers with complete integrated solutions on a worldwide basis. Our commitment to our customers, as well as our culture of continuous improvement, have made us the strong, diversified and integrated company we are known for today.



SEATING



ELECTRICAL



INTERIOR TRIM



STRUCTURES



## GLOBAL PRESENCE



### DOMESTIC

Alabama  
Arizona  
Iowa  
Illinois  
Indiana  
Michigan  
North Carolina  
Ohio  
Oregon  
Tennessee  
Virginia

### INTERNATIONAL

Australia  
Belgium  
China  
Czech Republic  
India  
Mexico  
Ukraine  
United Kingdom

## RESEARCH & DEVELOPMENT

Our global research and development activities improve the reliability, performance and cost-effectiveness of our existing products and support the design and development of new products for existing and new applications. We start with our customers' engineering and development teams at the beginning of the concept design process for new components and products in order to leverage production efficiency and quality that meets or exceeds the customer's design and performance requirements and is more efficient to manufacture.

We work aggressively to ensure that our quality and delivery metrics distinguish us from our competitors.

We design and develop new products that add or improve content and increase cab comfort and safety and deliver on customer expectations. We believe our research and development capabilities enables us to offer superior quality and technologically advanced products to our customers at competitive prices.







#### CAPABILITIES

- Product Design
- Product Development
- Secure Design Bays
- Benchmarking
- Reverse Engineering
- Fabrication
- Physical Prototyping
- Rapid Prototyping
- Vibration Measurement & Analysis
- Acoustical Measurement & Analysis
- Thermal Analysis
- Human Factors Simulation
- Instrumentation & Data Acquisition
- Field Testing
- Accelerated Design Validation
- Durability Testing





# INVESTOR INFORMATION

## COMMON STOCK INFORMATION

Ticker Symbol: CVGI | Exchange: NASDAQ

## INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Deloitte & Touche LLP | Columbus, OH

## TRANSFER AGENT & REGISTRAR

Computershare Trust Company, N.A.

PO Box 43070 | Providence, RI 02940-3070 | 800-962-4284

[www.computershare.com](http://www.computershare.com)

## ANNUAL MEETING OF STOCKHOLDERS

The meeting will be held:

Thursday, May 10, 2012 | 1:00 PM EST | CVG Corporate Headquarters

7800 Walton Parkway | New Albany, OH 43054

Official notice of the Annual Meeting and a Proxy Statement will be mailed to stockholders.

## ADDITIONAL COPIES

Copies of this Annual Report, along with our periodic filings with the Securities and Exchange Commission including Forms 10-K (excluding exhibits) and 10-Q, are available on our website. Printed copies are also available upon request, free of charge, by contacting:

Chad M. Utrup

Chief Financial Officer

Commercial Vehicle Group, Inc.

7800 Walton Parkway | New Albany, OH 43054

614.289.5360

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

Form 10-K

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

Transition report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended:  
December 31, 2011

Commission file number:  
001-34365

COMMERCIAL VEHICLE GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware  
(State of Incorporation)

41-1990662  
(I.R.S. Employer Identification No.)

7800 Walton Parkway  
New Albany, Ohio  
(Address of Principal Executive Offices)

43054  
(Zip Code)

Registrant's telephone number, including area code:  
(614) 289-5360

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

<u>Title of Each Class</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$.01 per share	The NASDAQ Global Select Market

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

None

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

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

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

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold on June 30, 2011, was \$ \$352,919,129.

As of March 9, 2012, 29,063,657 shares of Common Stock of the Registrant were outstanding.

Documents Incorporated by Reference

Information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K are incorporated by reference from the Registrant's Proxy Statement for its annual meeting to be held May 10, 2012 (the "2012 Proxy Statement").



**COMMERCIAL VEHICLE GROUP, INC.**

**Annual Report on Form 10-K**

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## CERTAIN DEFINITIONS

All references in this Annual Report on Form 10-K to the “Company,” “Commercial Vehicle Group,” “CVG,” “we,” “us,” and “our” refer to Commercial Vehicle Group, Inc. and its consolidated subsidiaries (unless the context otherwise requires).

## FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact, including without limitation, certain statements under “Item 1 — Business” and “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” and located elsewhere herein regarding industry outlook, financial covenant compliance, anticipated effects of acquisitions, production of new products, plans for capital expenditures and our results of operations or financial position and liquidity, may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” and similar expressions are intended to identify forward-looking statements. The important factors discussed in “Item 1A — Risk Factors,” among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Such forward-looking statements represent management’s current expectations and are inherently uncertain. Investors are warned that actual results may differ from management’s expectations. Additionally, various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including, but not limited to, factors which are outside our control, such as risks relating to (i) general economic or business conditions affecting the markets in which we serve; (ii) our ability to develop or successfully introduce new products; (iii) risks associated with conducting business in foreign countries and currencies; (iv) increased competition in the heavy-duty truck or construction market; (v) our failure to complete or successfully integrate additional strategic acquisitions; (vi) the impact of changes in governmental regulations on our customers or on our business; (vii) the loss of business from a major customer or the discontinuation of particular commercial vehicle platforms; (viii) our ability to obtain future financing due to changes in the lending markets or our financial position and (ix) our ability to comply with the financial covenants in our revolving credit facility. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by such cautionary statements.

## PART I

### Item 1. *Business*

#### Overview

Commercial Vehicle Group, Inc. (a Delaware corporation formed in August 2000) and its subsidiaries, is a leading supplier of a full range of cab related products and systems for the global commercial vehicle market, including the heavy-duty (Class 8) truck market, the construction, military, bus and agriculture markets and the specialty transportation markets. Our products include static and suspension seat systems, electronic wire harness assemblies, controls and switches, cab structures and components, interior trim systems (including instrument panels, door panels, headliners, cabinetry and floor systems), mirrors and wiper systems 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 several of our major markets and that we are one of the only suppliers 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 a majority of the North American heavy truck and certain leading global construction original equipment manufacturers (“OEM”), which we believe creates an opportunity to cross-sell our products and offer a full range of cab related products and systems.

Demand for our heavy truck products is generally dependent on the number of new heavy truck commercial vehicles manufactured in North America, which in turn is a function of general economic conditions, interest rates, changes in governmental regulations, consumer spending, fuel costs and our customers’ inventory levels and production rates.

New heavy truck commercial vehicle demand has historically been cyclical and is particularly sensitive to the industrial sector of the economy, which generates a significant portion of the freight tonnage hauled by commercial vehicles. Production of heavy truck commercial vehicles in North America was strong from 2004 to 2006 due to the broad economic recovery in North America, corresponding growth in the movement of goods, the growing need to replace aging truck fleets and OEMs receiving larger than expected preorders in anticipation of the new EPA emissions standards becoming effective in 2007. During 2007, the demand for North American Class 8 heavy trucks experienced a downturn as a result of preorders in 2006 and general weakness in the North American economy and corresponding decline in the need for commercial vehicles to haul freight tonnage in North America. The demand for new heavy truck commercial vehicles in 2008 was similar to 2007 levels as weakness in the overall North American economy continued to impact production related orders. The overall weakness in the North American economy and credit markets continued to put pressure on the demand for new vehicles in 2009 as reflected in the 42% decline of North American Class 8 production levels from 2008. We believe this general weakness has contributed to the reluctance of trucking companies to invest in new truck fleets. In 2010, North American Class 8 production levels increased approximately 30% over the prior year period, indicating a recovery in the heavy truck market. This recovery continued into 2011 as North American Class 8 production levels increased approximately 66% from 2010. According to a February 2012 report by ACT Research, a publisher of industry market research, North American Class 8 production levels are expected to increase from 255,000 in 2011, peak at 320,000 in 2013 and decline to 256,000 in 2016. We believe the increase in demand for new Class 8 vehicles will be driven by several factors, including growth in freight volumes and the replacement of aging vehicles. ACT forecasts that the total U.S. freight composite will increase from 11.9 trillion in 2011 to 14.1 trillion in 2016. ACT estimates that the average age of active U.S. Class 8 trucks is 6.7 years in 2011, the highest average vehicle age over the past 13 years. As vehicles age, their maintenance costs typically increase. ACT forecasts that the vehicle age will decline as aging fleets are replaced.

New commercial vehicle demand in the global construction equipment market generally follows certain economic conditions around the world. Within the construction market, there are two classes of construction equipment, the medium/heavy equipment market (weighing over 12 metric tons) and the light construction equipment market (weighing below 12 metric tons). Demand in the medium/heavy construction equipment market is typically related to the level of larger scale infrastructure development projects such as highways, dams, harbors, hospitals, airports and industrial development, as well as activity in the mining, forestry and other raw material based industries. Demand in the light construction equipment market is typically related to certain economic conditions such as the level of housing construction and other smaller-scale developments and projects. Our products are primarily used in the medium/heavy construction equipment markets. Demand in the construction equipment market in 2009 declined significantly from 2008 as a result of the continuing economic downturn in the housing and financial markets. During 2010 and continuing in 2011, the global construction market showed signs of recovery.

## **Industry**

Within the commercial vehicle industry, we sell our products primarily to the global OEM truck market (approximately 47% of our 2011 revenues), the global construction OEM market (approximately 25% of our 2011 revenues), the military market (approximately 4% of our 2011 revenues) and the aftermarket and OEM service organizations (approximately 14% of our 2011 revenues). The majority of the remaining 10% of our 2011 revenues was derived from other global commercial vehicle and specialty markets.

### ***Commercial Vehicle Supply Market Overview***

Commercial vehicles are used in a wide variety of end markets, including local and long-haul commercial trucking, bus, construction, mining, agricultural, military, general industrial, marine, municipal, recreation and specialty vehicle markets. The commercial vehicle supply industry can generally be separated into two categories: (1) sales to OEMs, in which products are sold in relatively large quantities directly for use by OEMs in new commercial vehicles; and (2) “aftermarket” sales, in which products are sold as replacements in varying quantities to a wide range of OEM service organizations, wholesalers, retailers and installers. In the OEM market, suppliers are generally divided into tiers — “Tier 1” suppliers (like our company), who provide their products directly to OEMs, and “Tier 2” or “Tier 3” suppliers, who sell their products principally to other suppliers for integration into those suppliers’ own product offerings.

Our largest end market, the commercial truck industry, is supplied by heavy- and medium-duty commercial vehicle suppliers, as well as automotive suppliers. The commercial vehicle supplier industry is fragmented and comprised of several large companies and many smaller companies. In addition, the commercial vehicle supplier industry is characterized by relatively low production volumes and can have considerable barriers to entry, including the following: (1) significant investment requirements, (2) stringent technical and manufacturing requirements, (3) high transition costs to shift production to new suppliers, (4) just-in-time delivery requirements and (5) strong brand name recognition. Foreign competition can be limited in the commercial vehicle market due to many factors, including the need to be responsive to order changes on short notice and high shipping costs.

Although OEM demand for our products is directly correlated with new vehicle production, suppliers like us can also grow by increasing their product content per vehicle through cross selling and bundling of products, further penetrating business with existing customers, gaining new customers and expanding into new geographic markets and by increasing aftermarket sales. We believe that companies with a global presence and advanced technology, engineering, manufacturing and support capabilities, such as our company, are well positioned to take advantage of these opportunities.



### ***North American Commercial Truck Market***

Purchasers of commercial trucks include fleet operators, owner operators and other industrial end users. Commercial vehicles used for local and long-haul commercial trucking are generally classified by gross vehicle weight. Class 8 vehicles are trucks with gross vehicle weight in excess of 33,000 lbs. and Class 5 through 7 vehicles are trucks with gross vehicle weight from 16,001 lbs. to 33,000 lbs. The following table shows commercial vehicle production levels from 2002 through 2011 in North America:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(Thousands of units)									
Class 8 heavy trucks . . . . .	181	182	269	339	376	212	206	118	154	255
Class 5-7 light and medium-duty trucks . . . . .	<u>202</u>	<u>197</u>	<u>235</u>	<u>253</u>	<u>275</u>	<u>206</u>	<u>158</u>	<u>98</u>	<u>118</u>	<u>167</u>
Total . . . . .	<u>383</u>	<u>379</u>	<u>504</u>	<u>592</u>	<u>651</u>	<u>418</u>	<u>364</u>	<u>216</u>	<u>272</u>	<u>422</u>

Source: ACT N.A. Commercial Vehicle OUTLOOK (February 2012).

The following describes the major markets within the commercial vehicle market in which we compete:

### ***Class 8 Truck Market***

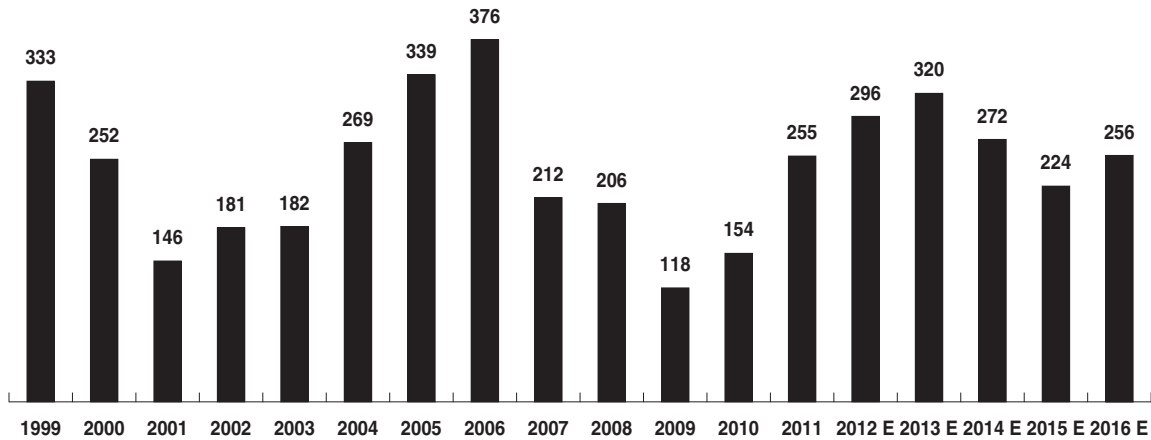
The global Class 8 truck manufacturing market is concentrated in three primary regions: North America, Europe and Asia-Pacific. The global Class 8 truck market is localized in nature due to the following factors: (1) the prohibitive costs of shipping components from one region to another, (2) the high degree of customization of Class 8 trucks to meet the region-specific demands of end-users and (3) the ability to meet just-in-time delivery requirements. According to ACT Research, four companies represented approximately 98% of North American Class 8 truck production in 2011. The percentages of Class 8 production represented by Daimler Trucks, PACCAR, International (Navistar) and Volvo/Mack were approximately 31%, 29%, 21% and 17%, respectively, in 2011. We supply products to all of these OEMs.

Production of Class 8 trucks in North America peaked in 1999 and experienced a downturn from 2000 to 2003 that was due to a weak economy, reduced sales following above-normal purchases in advance of new EPA emissions standards that became effective in October 2002, an oversupply of new and used vehicle inventory and lower spending on commercial vehicles and equipment. Following a substantial decline from 1999 to 2001, Class 8 truck unit production increased modestly to approximately 181,000 units in 2002 from approximately 146,000 units in 2001, due primarily to the purchasing of trucks that occurred prior to the October 2002 mandate for more stringent engine emissions requirements. Subsequent to the engine emissions requirements, truck production continued to remain at historically low levels through mid-2003 due to continuing economic weakness and the reluctance of many trucking companies to invest during this period.

In mid-2003, evidence of renewed growth emerged and truck tonmiles (number of miles driven multiplied by number of tons transported) began to increase, along with new truck sales. During the second half of 2003, new truck dealer inventories declined and, consequently, OEM truck order backlogs began to increase. According to ACT, monthly truck order rates began increasing significantly from December 2003 through 2005. In 2006, OEMs received larger than expected preorders in anticipation of the new EPA emissions standards becoming effective in 2007. During 2007, 2008 and 2009, the demand for North American Class 8 heavy trucks declined as a result of 2006 preorders, a weakness in the North American economy and corresponding decline in the need for commercial vehicles to haul freight tonnage in North America. In 2010, North American Class 8 production levels increased approximately 30% over the prior-year period. We believe that the increase from 2009 to 2010 was a result of the strengthening in the North American economy and corresponding increase in the need for commercial vehicles to haul freight tonnage in North America. The strengthening in the North American economy continued into 2011 as North American Class 8 production levels increased approximately 66% over 2010. According to ACT, unit production for 2012 is estimated to increase approximately 16% from 2011 levels to approximately 296,000 units.

The following table illustrates North American Class 8 truck build for the years 1999 to 2016:

**North American Class 8 Truck Build Rates  
(In thousands)**



“E” — Estimated

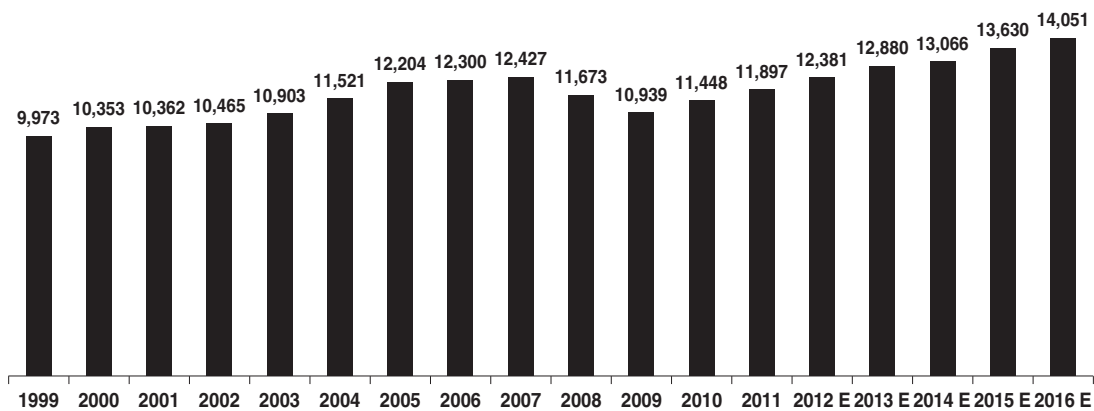
Source: ACT Commercial Vehicle OUTLOOK (February 2012).

We believe the following factors are currently driving the North American Class 8 truck market:

*Economic Conditions.* The North American truck industry is directly influenced by overall economic growth, consumer spending and the ability of our customers to access capital. Since truck OEMs supply the fleet lines of North America, their production levels generally match the demand for freight. The freight carried by these trucks includes consumer goods, machinery, food and beverages, construction equipment and supplies, electronic equipment and a wide variety of other materials. Since most of these items are driven by macroeconomic conditions, the truck industry tends to follow trends of gross domestic product. Generally, given the dependence of North American shippers on trucking as a freight alternative, general economic conditions have been a primary indicator of future truck builds.

*Truck Freight Growth.* According to ACT’s U.S. freight composite, freight volumes began to recover in 2010 and continued into 2011. The ACT freight composite is a measure created to estimate the amount of freight hauled by weighting different sectors of the economy for their contribution to overall freight. ACT forecasts that total U.S. freight composite will increase from 11.9 trillion in 2011 to 14.1 trillion in 2016, as summarized in the following graph:

**Total U.S. Freight Composite  
(In billions)**

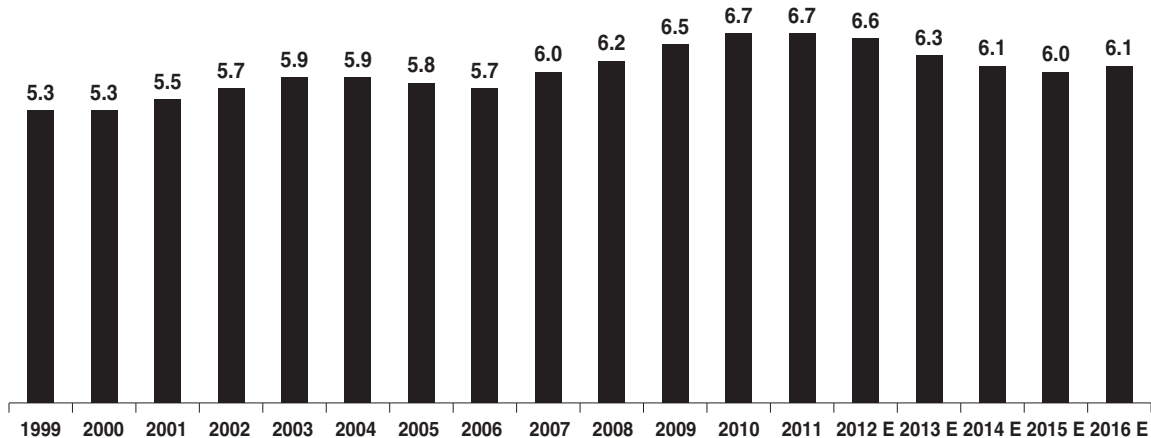


“E” — Estimated

Source: ACT N.A. Commercial Vehicle OUTLOOK (February 2012).

*Truck Replacement Cycle and Fleet Aging.* The average age of active Class 8 trucks has increased from approximately 5.3 years in 1999 to approximately 6.7 years in 2011. The average fleet age tends to run in cycles as freight companies permit their truck fleets to age during periods of lagging demand and then replenish those fleets during periods of increasing demand. Additionally, as truck fleets age, their maintenance costs typically increase. Freight companies must therefore continually evaluate the economics between repair and replacement. Other factors, such as inventory management and the growth in less-than-truckload freight shipping, also tend to increase fleet mileage and, as a result, the truck replacement cycle. The chart below illustrates the average age of active U.S. Class 8 trucks:

**Average Age of Active U.S. Class 8 Trucks  
(In years)**



“E” — Estimated

Source: ACT N.A. Commercial Vehicle OUTLOOK (February 2012).

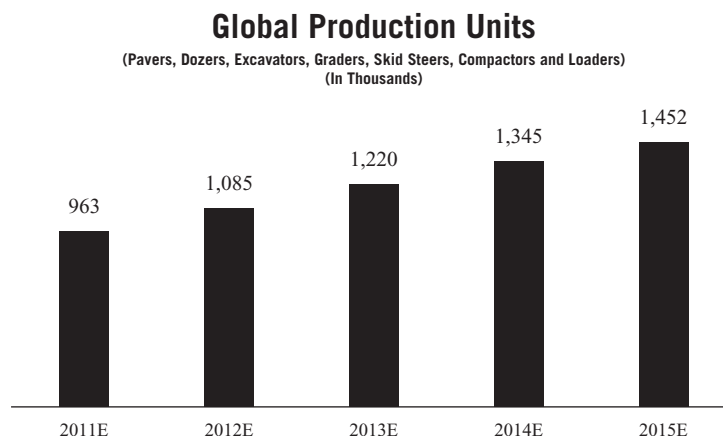
***Commercial Truck Aftermarket***

Demand for aftermarket products is driven by the quality of OEM parts, the number of vehicles in operation, the average age of the vehicle fleet, vehicle usage and the average useful life of vehicle parts. Aftermarket sales tend to be at a higher margin, as truck component suppliers are able to leverage their already established fixed cost base and exert moderate pricing power with their replacement parts. The recurring nature of aftermarket revenue provides some insulation to the overall cyclical nature of the industry, as it tends to provide a more stable stream of revenues.

***Commercial Construction Vehicle Market***

New commercial vehicle demand in the global construction equipment market generally follows certain economic conditions around the world. Within the construction market, there are two classes of construction equipment: the medium/heavy construction equipment market (weighing over 12 metric tons) and the light construction equipment market (weighing below 12 metric tons). Demand in the medium/heavy construction equipment market is typically related to the level of larger-scale infrastructure development projects such as highways, dams, harbors, hospitals, airports and industrial development as well as activity in the mining, forestry and other raw material based industries. Demand in the light construction equipment market is typically related to certain economic conditions such as the level of housing construction and other smaller scale developments and projects. Our products are primarily used in the medium/heavy construction equipment market.

During 2009, we experienced a significant decline in global construction equipment production levels as a result of the global economic downturn and related reduction in new equipment orders. During 2010 and continuing in 2011, the global construction market has shown signs of recovery. According to an October 2011 report by Millmark Associates, a publisher of industry market research, global production units in the construction market for the products in which we market (pavers, dozers, excavators, graders, skid steers, compactors and loaders), are expected to increase from 963,000 in 2011 to 1,452,000 in 2015. The chart below illustrates the continued estimated growth in the global construction market for the products in which we market from 2011 to 2015:



“E” — Estimated

Source: Millmark Global Equipment Production (October 2011) and Company estimates.

Purchasers of medium/heavy construction equipment include construction companies, municipalities, local governments, rental fleet owners, quarrying and mining companies and forestry related industries. Purchasers of light construction equipment include contractors, rental fleet owners, landscapers, logistics companies and farmers. In the medium/heavy construction equipment market, we primarily supply OEMs with our seating and wire harness products.

### ***Military Equipment Market***

We supply products for heavy- and medium-payload tactical trucks that are used by various military customers. Sales and production of these vehicles can be influenced by overall defense spending both by the U.S. government and foreign governments and the presence of military conflicts and potential military conflicts throughout the world. Demand for these vehicles has fluctuated as a result of the continuing conflict in the Middle East. In addition, demand has increased for remanufacturing and replacement of the large fleet of vehicles that have served in the Middle East due to over-use and new armor and technology requirements.

### ***Commercial Vehicle Industry Trends***

Our performance and growth are directly related to trends in the commercial vehicle market and focus on operator retention, comfort and safety. These commercial vehicle industry trends include the following:

*Globalization of Suppliers.* Commercial vehicle OEMs manufacture and sell their products in various geographic markets around the world. Having operations in the geographic markets in which OEMs produce their global platforms enables suppliers to meet OEMs’ needs more economically and more efficiently.



*Shift of Design, Engineering and Research and Development to Suppliers.* OEMs are focusing their efforts on brand development and overall vehicle design, instead of the design of individual vehicle systems. OEMs are increasingly looking to their suppliers to provide suggestions for new products, designs, engineering developments and manufacturing processes. As a result, strategic suppliers are gaining increased access to confidential planning information regarding OEMs' future vehicle designs and manufacturing processes. Systems and modules increase the importance of strategic suppliers because they generally increase the percentage of vehicle content.

*Broad Manufacturing Capabilities.* OEMs are seeking suppliers to manufacture systems and products utilizing alternative materials and processes in order to meet their demand for customized styling, performance or cost requirements. In addition, while OEMs seek to differentiate their vehicles through the introduction of innovative features, suppliers are proactively developing new products and manufacturing capabilities and processes to meet OEMs' requirements.

*Ongoing Supplier Consolidation.* We believe the worldwide commercial vehicle supply industry is continuing to consolidate as suppliers seek to achieve operating synergies through business combinations, shift production to locations with more flexible labor rules and practices, acquire complementary technologies, build stronger customer relationships and follow their OEM customers as they expand globally. Furthermore, the cost focus of most major OEMs has forced suppliers to reduce costs and improve productivity on an ongoing basis, including economies of scale through consolidation. Financial distress created by the global economic environment in recent years has also impacted the trend in consolidating suppliers.

## **Competitive Strengths**

We believe that our competitive strengths include, but are not limited to, the following:

*Leading Market Positions and Brands.* We believe that we are a leading supplier of seating systems and soft interior trim products, a leading non-captive manufacturer of structural components and body systems (which includes cab body assemblies) for the North American commercial vehicle heavy truck market and one of the largest global suppliers of construction vehicle seating systems. We market our major product brands under names that are well known by our customers and truck fleet operators based upon the amount of revenue we derive from sales to these markets. These major product brands include CVG, Sprague Devices™, Moto Mirror®, RoadWatch®, KAB Seating™, National Seating, Bostrom Seating®, Stratos Seating®, CIEB®, Trim Systems, ComforTEK™, FlameTEK™ and Mayflower Vehicle Systems®.

*Comprehensive Cab Product and Cab System Solutions.* We believe that we offer the broadest product range of any commercial vehicle cab system supplier. We manufacture a broad base of products, many of which are critical to the interior and exterior subsystems of a commercial vehicle cab. We also utilize a variety of different processes, such as urethane molding, injection molding, large composite molding, thermoforming and vacuum forming, which 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, which provides us with 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.* We believe that commercial vehicle market OEMs continue to focus on interior and exterior product design, comfort and features to better serve their end-user, the operator, and our customers are seeking suppliers that can provide product innovation. We have a full service engineering and research and development organization to assist OEMs in meeting their needs, which helps enable us to secure content on current platforms and models.

*Flexible Manufacturing Capabilities.* 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 manufacture or assemble our products at facilities in North America, Europe, Asia and Australia.

*Global Capabilities.* Because many of our customers manufacture and sell their products on a global basis, we believe we have a strong competitive advantage by having dedicated sales, engineering, manufacturing and assembly capabilities on a global basis. We have these capabilities to support our customers in North America, Europe, Asia and Australia.

*Strong Relationships with Leading Customers and Major Fleets.* Because of our comprehensive product offerings, brand names and innovative product features, we believe we are an important long-term global supplier to many of the leading heavy truck, construction and specialty commercial vehicle manufacturers such as PACCAR, Caterpillar, Volvo/Mack, International (Navistar), Daimler Trucks, Deere & Co., Oshkosh Corporation, Komatsu and Skoda. In addition, through our sales force and engineering teams, we maintain active relationships with the major heavy-duty truck fleet organizations that are end-users of our products such as Yellow Roadway Corp., Swift Transportation, Schneider National, Ryder Leasing and Walmart. 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 certain of our products.

*Significant Barriers to Entry.* We believe we are a leader in providing system solutions and products to long running platforms. Considerable barriers to entry exist, including significant investment and engineering requirements, stringent technical and manufacturing requirements, high transition costs for OEMs to shift production to new suppliers, just-in-time delivery requirements and strong brand name recognition.

*Proven Management Team.* Our management team is highly respected within the commercial vehicle market, and our five executive officers have a combined average of 30 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, improving processes through cyclical periods and expanding revenue through product, market and customer diversification.

## **Strategy**

Our primary growth strategies are as follows:

*Increase Content, Expand Customer Penetration and Leverage System Opportunities.* 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 vehicles manufactured by these OEMs. These products include static and suspension seat systems, electronic wire harness assemblies, controls and switches, interior trim systems (including instrument panels, door panels, headliners, cabinetry and floor systems), mirrors and wiper systems specifically designed for applications in commercial vehicles. We have established operations in North America, Europe, Asia and Australia and are aggressively working to secure new business from both existing and new customers on a global basis.

*Leverage Our Product Development Capabilities.* Maximizing our specialized equipment and expertise, we continue to focus on our engineering and research and development activities so that we can meet the stringent demands of our global customers and end-users. As an example, we have developed several new products for our customers, including the GSX range of seating for global heavy truck applications, molded flooring and wiper products. We believe we will continue to design and develop new products that consider market and customer trends that will 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, and we continue to utilize our Lean

Manufacturing and Total Quality Production System (“TQPS”) program philosophy. We believe our ongoing cost saving initiatives, supplier consolidation and sourcing efforts will enable us to continue to lower our manufacturing costs. As a result, we believe we are well positioned to improve our operating margins and capitalize on any volume increases with minimal additional capital expenditures.

*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 this provides increased opportunities for our aftermarket products as the number of vehicles in operation and the number of miles driven per vehicle increases. We believe that there are opportunities to leverage our brand recognition to increase our sales to the replacement aftermarket.

*Pursue Strategic Acquisitions and Continue to Diversify Revenues.* We may selectively pursue complementary strategic acquisitions that allow us to leverage the marketing, engineering and manufacturing strengths of our business and expand our revenues to new and existing customers. The markets in which we operate are fragmented and provide for consolidation opportunities. Our acquisitions have enabled us to become a global supplier with the capability to offer a broad range of products for a variety of end market applications. In addition, these acquisitions have allowed us to diversify our revenue base by customer, market, location or product offering.

## **Products**

We offer OEMs a broad range of products and system solutions for a variety of end market vehicle applications that include local and long-haul commercial trucking, bus, construction, mining, agricultural, military, general industrial, marine, municipal, recreational and specialty vehicle. We believe fleets and OEMs continue to focus on cabs and interiors to differentiate their products and improve operator comfort and retention. Although a portion of our products are sold directly to OEMs as finished components, we also supply “systems” or “subsystems,” which are groups of component parts located throughout the vehicle that operate together to provide a specific vehicle function. Systems currently produced by us include cab bodies, sleeper boxes, seating, interior trim, body panels, storage cabinets, floor covering, mirrors, windshield wipers, headliners, temperature measurement devices and wire harnesses. We classify our products into five general categories: (1) seats and seating systems, (2) electronic wire harnesses and panel assemblies, (3) trim systems and components, (4) cab structures, sleeper boxes, body panels and structural components and (5) mirrors, wipers and controls.

See Notes 2 and 12 to our audited consolidated financial statements in Item 8 in this Annual Report on Form 10-K for information on our significant customer revenues and related receivables, as well as revenues by product category and geographical location.

Set forth below is a brief description of our products and their applications:

*Seats and Seating Systems.* We design, engineer and produce seating systems primarily for heavy trucks in North America and for commercial vehicles used in the construction and agricultural industries through our European and Asian operations. For the most part, our seats and seating systems are fully-assembled and ready for installation when they are delivered to the OEM. We offer a wide range of seats that include mechanical and air suspension seats, static seats and bus seats. As a result of our strong product design and product technology, we are a leader in designing seats with convenience features and enhanced safety. Seats and seating systems are the most complex and highly specialized products of our five product categories. Set forth below is a brief description of our principal products in this category:

*Heavy Truck Seats.* We produce seats and seating systems for heavy trucks primarily in our North American operations. Our heavy truck seating systems are designed to achieve maximum operator comfort by adding a wide range of manual and power features such as lumbar supports, cushion and back bolsters and leg and thigh supports. Our heavy truck seats are highly specialized based on a variety of different seating options offered in OEM product lines. Our seats are built to customer specifications in low volumes and consequently are produced in numerous combinations with a wide range of price points.

We differentiate our seats from our competitors' seats by focusing on driver safety, driver comfort, product durability and customer value. Our seats help improve driver retention, reduce workers' compensation claims and decrease overall maintenance costs. Operators of heavy trucks recognize and are often given the opportunity to specify their choice of seat brands, and we strive to develop strong customer loyalty both with the commercial vehicle OEMs and among operators. We believe that we have superior technology and can offer a unique seat that is ergonomically designed, accommodates a range of operator sizes and absorbs shock to maximize operator comfort.

*Construction and Other Commercial Vehicle Seats.* We produce seats and seating systems for commercial vehicles used in the global construction and agricultural, bus, military, commercial transport and municipal industries. The principal focus of these seating systems is durability. These seats are ergonomically designed for difficult working environments and to provide comfort and control throughout the range of seats and chairs.

*Other Seating Products.* We also manufacture office seating products. Our office chair was developed as a result of our experience supplying seats for the heavy truck, agricultural and construction industries and is fully adjustable to maximize comfort at work. Our office chairs are available in a wide variety of colors and fabrics to suit many different office environments, such as emergency services, call centers, receptions, studios, boardrooms and general office.

*Electronic Wire Harnesses and Panel Assemblies.* We produce a wide range of electronic wire harnesses and electrical distribution systems and related assemblies as well as panel assemblies used in commercial vehicles and other equipment. Set forth below is a brief description of our principal products in this category.

*Electronic Wire Harnesses.* We offer a broad range of complex electronic wire harness assemblies that function as the primary current carrying devices used to provide electrical interconnections for gauges, lights, control functions, power circuits, powertrain and transmission sensors, emissions systems and other electronic applications on a commercial vehicle. Our wire harnesses are highly customized to fit specific end-user requirements. We provide our wire harnesses for a wide variety of commercial vehicles, tactical vehicles, specialty trucks, automotive and other specialty applications, including heavy construction and forestry machines and mining trucks.

*Panel Assemblies.* We assemble large, integrated components such as panel assemblies and cabinets for commercial vehicle OEMs and other heavy equipment manufacturers. The panels and cabinets we assemble are installed in key locations on a vehicle or unit of equipment, are integrated with our wire harness assemblies and provide user control over multiple operational functions and features.

*Trim Systems and Components.* We design, engineer and produce trim systems and components for the interior cabs of commercial vehicles. Our interior trim products are designed to provide a comfortable interior for the vehicle occupants, as well as a variety of functional and safety features. The wide variety of features that can be selected by the heavy truck customer makes trim systems and components a complex and highly specialized product category. Set forth below is a brief description of our principal products in this category:

*Trim Products.* Our trim products include A-Pillars, B-Pillars, door panels and interior trim panels. Door panels and interior trim panels consist of several component parts that are attached to a substrate. Specific components include vinyl or cloth-covered appliques, armrests, map pocket compartments, carpet and sound-reducing insulation. Our products are attractive, lightweight solutions from a traditional cut and sew approach to a contemporary "molded" styling theme. The parts can be color matched or top good wrapped to integrate seamlessly with the rest of the interior.

*Instrument Panels.* We produce and assemble instrument panels that can be integrated with the rest of the interior trim. The instrument panel is a complex system of coverings and foam, plastic and metal parts designed to house various components and act as a safety device for the vehicle occupant.



*Body Panels (Headliners/Wall Panels).* Headliners consist of a substrate and a finished interior layer made of fabrics and other materials. While headliners are an important contributor to interior aesthetics, they also provide insulation from road noise and can serve as carriers for a variety of other components, such as visors, overhead consoles, grab handles, coat hooks, electrical wiring, speakers, lighting and other electronic and electrical products. As the amount of electronic and electrical content available in vehicles has increased, headliners have emerged as an important carrier of electronic features such as lighting systems.

*Storage Systems.* Our modular storage units and custom cabinetry are designed to improve comfort and convenience for the operator. These storage systems are designed to be integrated with the interior trim. These units may be easily expanded and customized with features that include refrigerators, sinks and water reservoirs. Our storage systems are constructed with durable materials and designed to last the life of the vehicle.

*Floor Covering Systems.* We have an extensive and comprehensive portfolio of floor covering systems and dash insulators. Carpet flooring systems generally consist of tufted or non-woven carpet with a thermoplastic backcoating which, when heated, allows the carpet to be fitted precisely to the interior or trunk compartment of the vehicle. Additional insulation materials are added to minimize noise, vibration and harshness. Non-carpeted flooring systems, used primarily in commercial and fleet vehicles, offer improved wear and maintenance characteristics. The dash insulator separates the passenger compartment from the engine compartment and prevents engine noise and heat from entering the passenger compartment.

*Sleeper Bunks.* We offer a wide array of design choices for upper and lower sleeper bunks for heavy trucks. All parts of our sleeper bunks can be integrated to match the rest of the interior trim. Our sleeper bunks arrive at OEMs fully assembled and ready for installation.

*Grab Handles and Armrests.* Our grab handles and armrests are designed and engineered with specific attention to aesthetics, ergonomics and strength. Our products use a wide range of inserts and substrates for structural integrity. The integral urethane skin offers a soft touch and can be in-mold coated to specific colors.

*Privacy Curtains.* We produce privacy curtains for use in sleeper cabs. Our privacy curtains include features such as integrated color matching of both sides of the curtain, choice of cloth or vinyl, full “black out” features and low-weight.

***Cab Structures, Sleeper Boxes, Body Panels and Structural Components.*** We design, engineer and produce complete cab structures, sleeper boxes, body panels and structural components for the commercial vehicle industry in North America. Set forth below is a description of our principal products in this category:

*Cab Structures.* We design, manufacture and assemble complete cab structures used primarily in heavy trucks for major commercial vehicle OEMs in North America. Our cab structures, which are manufactured from both steel and aluminum, are delivered to our customers fully assembled and primed for paint. Our cab structures are built to order based upon options selected by the vehicles’ end-users and delivered to the OEMs, in line sequence, as these end-users’ trucks are manufactured by the OEMs.

*Sleeper Boxes.* We design, manufacture and assemble sleeper boxes primarily for heavy trucks in North America. We manufacture both integrated sleeper boxes that are part of the overall cab structure as well as standalone assemblies depending on the customer application. Sleeper boxes are typically constructed using aluminum exterior panels in combination with steel structural components delivered to our customers in line sequence after the final seal and E-coat process.

*Bumper Fascias and Fender Liners.* Our highly durable, lightweight bumper fascias and fender liners are capable of withstanding repeated impacts that could deform an aluminum or steel bumper. We utilize a production technique that chemically bonds a layer of paint to the part after it has been molded, thereby enabling the part to keep its appearance even after repeated impacts.

*Body Panels and Structural Components.* We produce a wide range of both steel and aluminum large exterior body panels and structural components for the internal production of our cab structures and sleeper boxes as well as being sold externally to certain commercial vehicle OEMs.

*Mirrors, Wipers and Controls.* We design, engineer and produce a wide range of mirrors, wipers and controls used in commercial vehicles. Set forth below is a brief description of our principal products in this category:

*Mirrors.* We offer a wide range of round, rectangular, motorized and heated mirrors and related hardware, including brackets, braces and side bars. Most of our mirror designs utilize stainless steel body, fasteners and support braces to ensure durability. We have introduced both road and outside temperature devices that are integrated into the mirror face or the vehicle's dashboard through our RoadWatch™ family of products. These systems are principally utilized by municipalities throughout North America to monitor surface temperatures and assist them in dispersing chemicals for snow and ice removal.

*Windshield Wiper Systems.* We offer application-specific windshield wiper systems and individual windshield wiper components for the commercial vehicle market. Our windshield wiper systems are generally delivered to the OEM fully assembled and ready for installation. A windshield wiper system is typically composed of a combination of an electric motor, linkages, arms, wiper blades, washer reservoirs and related pneumatic or electric pumps.

*Controls.* We offer a range of controls and control systems for window lifts, door locks and electric switch products.

## **Manufacturing**

A description of the manufacturing processes we utilize for each of our principal product categories is set forth below:

- *Seats and Seating Systems.* Our seating operations utilize a variety of manufacturing techniques whereby foam and various other components along with fabric, vinyl or leather are affixed to an underlying seat frame. We also manufacture and assemble the seat frame, which involves complex welding. Generally, we utilize outside suppliers to produce the individual components used to assemble the seat frame.
- *Electronic Wire Harnesses and Panel Assemblies.* We utilize several manufacturing techniques to produce the majority of our electronic wire harnesses and panel assemblies. Our processes, both manual and automated, are designed to produce complex, low- to medium-volume wire harnesses and panel assemblies in short time frames. Our wire harnesses and panel assemblies are both electronically and hand tested.
- *Trim Systems and Components.* Our interior systems process capabilities include injection molding, low-pressure injection molding, urethane molding and foaming processes, compression molding, heavy-gauge thermoforming and vacuum forming as well as various cutting, sewing, trimming and finishing methods.
- *Cab Structures, Sleeper Boxes, Body Panels and Structural Components.* We utilize a wide range of manufacturing processes to produce the majority of the steel and aluminum stampings used in our cab structures, sleeper boxes, body panels and structural components and a variety of both robotic and manual welding techniques in the assembly of these products. In addition, we have facilities with large capacity, fully automated E-coat paint priming systems allowing us to provide our customers with a paint-ready cab product. Due to their high cost, full body E-coat systems, such as ours, are rarely found outside of the manufacturing operations of the major OEMs. We also have large press lines which provide us with the in-house manufacturing flexibility for both aluminum and steel stampings delivered just-in-time to our cab assembly plants.

- *Mirrors, Wipers and Controls.* We manufacture our mirrors, wipers and controls utilizing a variety of manufacturing processes and techniques. Our mirrors, wipers and controls are primarily hand assembled, tested and packaged.

We have a broad array of processes to offer our commercial vehicle OEM customers to enable us to meet their styling and cost requirements. We believe the vehicle cab is the most significant and appealing aspect to the operator of the vehicle, and consequently each commercial vehicle OEM has unique requirements as to feel, appearance and features.

The end markets for our products are highly specialized and our customers frequently request modified products in low volumes within an expedited delivery timeframe. As a result, we primarily utilize flexible manufacturing cells at the vast majority of our production facilities. Manufacturing cells are clusters of individual manufacturing operations and work stations grouped in a circular configuration, with the operators placed centrally within the configuration. This provides flexibility by allowing efficient changes to the number of operations each operator performs. When compared to the more traditional, less flexible assembly line process, cell manufacturing allows us to maintain our product output consistent with our OEM customers' requirements and reduce the level of inventory.

When an end-user buys a commercial vehicle, the end-user will specify the seat and other features for that vehicle. Because each of our seating systems is unique, our manufacturing facilities have significant complexity which we manage by building in sequence. We build our seating systems as orders are received, and systems are delivered to the customer's rack in the sequence in which vehicles come down the assembly line. We have systems in place that allow us to provide complete customized interior kits in boxes that are delivered in sequence.

In many instances, we keep track of our build sequence by product identification numbers and components are identified by bar code. Sequencing reduces our cost of production because it eliminates warehousing costs and reduces waste and obsolescence, offsetting any increased labor costs. Several of our manufacturing facilities are strategically located near our customers' assembly plants, which facilitates this process and minimizes shipping costs.

We employ just-in-time manufacturing and system sourcing in our operations to meet customer requirements for faster deliveries and to minimize our need to carry significant inventory levels. We utilize material systems to manage inventory levels and, in certain locations, we have inventory delivered as often as two times per day from a nearby facility based on the previous day's order. This eliminates the need to carry excess inventory at our facilities.

Within our cyclical industry, we strive to manage down cycles by running our facilities at capacity while maintaining the capability and flexibility to expand. We have plans to work with our employees and rely on their involvement to help minimize problems and re-align our capacity during fluctuating periods of increased or decreased production levels to achieve on-time delivery.

As a means to continuously enhance our operations, we utilize the TQPS philosophy throughout our operations. TQPS is our customized version of Lean Manufacturing and consists of a 32-hour interactive class that is taught by members of our management team. TQPS is an analytical process in which we analyze each of our manufacturing cells and identify the most efficient process to improve efficiency and quality. The goal is to achieve total cost management and continuous improvement. Some examples of TQPS-related improvements are: reduced labor to move parts around the facility, clear walking paths in and around manufacturing cells and increased safety. An ongoing goal is to reduce the time employees spend waiting for materials within a facility. In an effort to increase operational efficiency, improve product quality and provide additional capacity, we intend to continue to implement TQPS improvements at each of our manufacturing facilities.

## Raw Materials and Suppliers

A description of the principal raw materials we utilize for each of our principal product categories is set forth below:

- *Seats and Seating Systems.* The principal raw materials used in our seat systems include steel, aluminum and foam related products and are generally readily available and obtained from multiple suppliers under various supply agreements. Leather, vinyl, fabric and certain components are also purchased from multiple suppliers under supply agreements. Typically, our supply agreements are for a term of at least one year and are terminable by us for breach or convenience.
- *Electronic Wire Harnesses and Panel Assemblies.* The principal raw materials used to manufacture our electronic wire harnesses are wire and cable, connectors, terminals, switches, relays and various covering techniques involving braided yarn, braided copper, slit and non-slit conduit and foam molded via the reaction injection molding process. These raw materials are obtained from multiple suppliers and are generally readily available.
- *Trim Systems and Components.* The principal raw materials used in our interior systems processes are resin and chemical products, foam, vinyl and fabric which are formed and assembled into end products. These raw materials are obtained from multiple suppliers, typically under supply agreements which are for a term of typically one year or more and terminable by us for breach or convenience.
- *Cab Structures, Sleeper Boxes, Body Panels and Structural Components.* The principal raw materials used in our cab structures, sleeper boxes, body panels and structural components are steel and aluminum, the majority of which we purchase in sheets and stamp at our Shadyside, Ohio facility. These raw materials are generally readily available and obtained from several suppliers, typically under purchase contracts which fix price and supply for up to one year.
- *Mirrors, Wipers and Controls.* The principal raw materials used to manufacture our mirrors, wipers and controls are steel, stainless steel and rubber, which are generally readily available and obtained from multiple suppliers. We also purchase sub-assembled products such as motors for our wiper systems and mirrors.

Our supply agreements generally provide for fixed pricing but do not require us to purchase any specified quantities. We have not experienced any significant shortages of raw materials and normally do not carry inventories of raw materials or finished products in excess of those reasonably required to meet production and shipping schedules, as well as service requirements. Steel, aluminum, petroleum-based products, copper, resin, foam, fabrics, wire and wire components comprise the most significant portion of our raw material costs. We typically purchase steel, copper and petroleum-based products at market prices that are fixed over varying periods of time less than a year. Due to the volatility in pricing over the last several years, we are using tools such as market index pricing and competitive bidding to assist in reducing our overall cost. We continue to closely align our customer pricing and material costs to minimize the impact of steel, copper and petrochemical price fluctuations. Certain component purchases and suppliers are directed by our customers, so we generally will pass through directly to the customer any cost changes from these components. We do not believe we are dependent on a single supplier or limited group of suppliers for our raw materials.

## Customers and Marketing

We sell our products principally to the commercial vehicle OEM truck and construction markets. Approximately 47% and 25% of our 2011 revenues and approximately 40% and 23% of our 2010 revenues were derived from sales to commercial vehicle truck and construction OEMs, respectively, with the remainder of our revenues being generated principally from sales to the military and aftermarket and OEM service markets.



The following is a summary of our significant revenues by end market based on final destination customers and markets for each of the three years ended December 31:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Heavy Truck OEM .....	47%	40%	48%
Construction .....	25	23	15
Aftermarket and OEM Service .....	14	14	14
Military .....	4	9	10
Bus .....	2	3	4
Agriculture .....	1	1	1
Other .....	7	10	8
Total .....	<u>100%</u>	<u>100%</u>	<u>100%</u>

Our principal customers include PACCAR, Volvo/Mack, Daimler Trucks, Caterpillar, International (Navistar), Deere & Co., Oshkosh Corporation, Komatsu and Skoda. We believe we are an important long-term supplier to all of our customers because of our comprehensive product offerings, leading brand names and product innovation.

The following is a summary of our significant revenues based on customers for the three years ended December 31:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
PACCAR .....	18%	12%	14%
Volvo / Mack .....	14	11	10
Daimler Trucks .....	13	11	9
Caterpillar .....	11	12	7
International (Navistar) .....	9	11	16
Deere & Co. ....	4	3	2
Oshkosh Corporation .....	4	8	8
Komatsu .....	3	3	2
Skoda .....	2	2	2
Other .....	22	27	30
Total .....	<u>100%</u>	<u>100%</u>	<u>100%</u>

Except as set forth in the above table, no other customer accounted for more than 10% of our revenues for the three years ended December 31, 2011.

Our European, Asian, Australian and Mexican operations collectively contributed approximately 24%, 26%, and 20% of our revenues for the years ended December 31, 2011, 2010 and 2009, respectively. The change in revenue by geographic location in 2011 is primarily related to the impact of the economic conditions in these regions of the world and its related impact on end market demand.

Our OEM customers generally source business to us pursuant to written contracts, purchase orders or other firm commitments in terms of price, quality, technology and delivery. Awarded business generally covers the supply of all or a portion of a customer's production and service requirements for a particular product program rather than the supply of a specific quantity of products. In general, these contracts, purchase orders and commitments provide that the customer can terminate the contract, purchase order or commitment if we do not meet specified quality, delivery and cost requirements. Such contracts, purchase orders or other firm commitments generally extend for the entire life of a platform, which is typically five to seven years. Although these contracts, purchase orders or other commitments may be terminated at any time by our customers (but not

by us), such terminations have been minimal and have not had a material impact on our results of operations. In order to reduce our reliance on any one vehicle model, we produce products for a broad cross section of both new and more established models.

Our contracts with our major OEM customers generally provide for an annual productivity cost reduction. These productivity cost reductions are generally calculated on an annual basis as a percentage of the previous year's purchases by each customer. The reduction is achieved through engineering changes, material cost reductions, logistics savings, reductions in packaging cost and labor efficiencies. Historically, most of these cost reductions have been offset by both internal reductions and through the assistance of our supply base, although no assurances can be given that we will be able to achieve such reductions in the future. If the annual productivity cost reduction targets are not achieved, the difference is recovered through price reductions. Our cost structure consists of a high percentage of variable costs that provides us with additional flexibility during economic cycles.

Our sales and marketing efforts with respect to our OEM sales are designed to create overall awareness of our engineering, design and manufacturing capabilities and to enable us to be selected to supply products for new and redesigned models by our OEM customers. Our sales and marketing staff works closely with our design and engineering personnel to prepare the materials used for bidding on new business, as well as to provide a consistent interface between us and our key customers. We currently have sales and marketing personnel located in every major region in which we operate. From time to time, we also participate in industry trade shows and advertise in industry publications. One of our ongoing initiatives is to negotiate and enter into long-term supply agreements with our existing customers that allow us to leverage all of our products to our commercial vehicle OEM customers.

Our principal customers for our aftermarket sales include OEM dealers and independent wholesale distributors. Our sales and marketing efforts for our aftermarket sales are focused on support of these two distribution chains, as well as direct contact with major fleets.

### **Backlog**

We do not generally obtain long-term, firm purchase orders from our customers. Rather, our customers typically place annual blanket purchase orders, but these orders do not obligate them to purchase any specific or minimum amount of products from us until a release is issued by the customer under the blanket purchase order. Releases are typically placed within 30 to 90 days of required delivery and may be canceled at any time, in which case the customer would be liable for work in process and finished goods. We do not believe that our backlog of expected product sales covered by firm purchase orders is a meaningful indicator of future sales since orders may be rescheduled or canceled.

### **Competition**

Within each of our principal product categories, we compete with a variety of independent suppliers and with OEMs' in-house operations, primarily on the basis of price, breadth of product offerings, product quality, technical expertise, development capability, product delivery and product service. We believe we are one of the only suppliers in the North American commercial vehicle market that can offer complete cab system products, including interior systems (seats, interior trim and flooring systems), mirrors and wire harnesses with the cab structure. A summary of our estimated market position and primary independent competitors is set forth below:

*Seats and Seating Systems.* We believe that we have the number one market position in North America supplying seats and seating systems to the commercial vehicle heavy truck market. We also believe that we have the number one market position in supplying seats and seating systems to commercial vehicles used in the medium/heavy construction equipment industry on a worldwide basis. Our primary independent competitors in the North American commercial vehicle market include Sears Manufacturing Company, Grammer AG and Seats, Inc., and our primary competitors in the European and Asian commercial vehicle market include Grammer AG, Istringhausen and Tiancheng.

*Electronic Wire Harnesses and Panel Assemblies.* We believe that we are a leading supplier of low- to medium-volume complex, electronic wire harnesses and related assemblies used in the global heavy equipment, commercial vehicle, heavy truck and specialty and military vehicle markets. Our principal competitors for electronic wire harnesses include large diversified suppliers such as Delphi, Forschner, Leoni, Nexans, PKC, Stoneridge, Sumitomo and Yazaki and smaller independent companies such as Fargo Assembly, St. Clair Technologies and Unlimited Services.

*Trim Systems and Components.* We believe that we have the number one market position in the North American commercial vehicle heavy truck market with respect to our soft interior trim products and a leading presence in the hard interior trim market. We face competition from a number of different competitors with respect to each of our trim system products and components. Overall, our primary independent competitors are ConMet, Inteva, Wilbur, Superior, Trim Masters Inc., Blachford Ltd. and Magna.

*Cab Structures, Sleeper Boxes, Body Panels and Structural Components.* We believe we are a leading non-captive supplier in the North American commercial vehicle heavy truck market with respect to our cab structural components, cab structures, sleeper boxes and body panels. Our principal competitors are Magna, Crenlo, Spartanburg Stamping and Defiance Metal Products.

*Mirrors, Wipers and Controls.* We believe that we are a leading supplier in the North American commercial vehicle heavy truck market with respect to our windshield wiper systems and mirrors. We face competition from a number of different competitors with respect to each of our principal products in this category. Our principal competitors for mirrors are Hadley, Lang-Mekra and Trucklite, and our principal competitors for windshield wiper systems are Doga, Wexco, Trico and Valeo.

## **Research and Development**

We believe our state-of-the-art research and development center enables us to offer superior quality and technologically advanced products to our customers at competitive prices. From invention and discovery to concept, prototyping and production solutions, we offer industrial engineering, product design, CAE/FEA simulation and testing and evaluation services that are necessary in today's demanding markets. With state-of-the-art laboratories for virtual driving, acoustics, thermal efficiency, benchmarking, multi-axis durability, biomechanics, comfort, prototyping and process prove-out, we design complete integrated solutions for the end-user (heavy and medium duty trucks, construction and agriculture vehicles and niche vehicles) supporting the fleet manager and the OEM.

We engage in global engineering and research and development activities that improve the reliability, performance and cost-effectiveness of our existing products and support the design and development of new products for existing and new applications.

We work with our customers' engineering and development teams at the beginning of the concept design process for new components and assemblies, or the redesign process for existing components and assemblies, in order to leverage production efficiency and quality. These processes may take place from one to three years prior to the commencement of production. Due to the compressive nature of our business, development time is critical. A new component takes between 12 and 24 months during the design phase, while the re-engineering of an existing part may take between one and six months. Early design involvement can result in a product that meets or exceeds the customer's design and performance requirements and is more efficient to manufacture. In addition, our extensive involvement enhances our position for bidding on such business. We work aggressively to ensure that our quality and delivery metrics distinguish us from our competitors.

We focus on bringing our customers integrated products that have superior content, comfort and safety. Consistent with our value-added engineering focus, we place a large emphasis on the relationships with the engineering departments of our customers. These relationships not only help us to identify new business

opportunities but also enable us to compete based on the quality of our products and services, rather than exclusively on price.

We are currently involved in the design stage of several products for our customers and expect to begin production of these products in the years 2012 to 2014.

### **Intellectual Property**

Our principal intellectual property consists of product and process technology, a limited number of U.S. and foreign patents, trade secrets, trademarks and copyrights. Although our intellectual property is important to our business operations and in the aggregate constitutes a valuable asset, we do not believe that any single patent, trade secret, trademark or copyright, or group of patents, trade secrets, trademarks or copyrights is critical to the success of our business. Our policy is to seek statutory protection for all significant intellectual property embodied in patents, trademarks and copyrights.

Our major product brands include CVG, Sprague Devices™, Moto Mirror®, RoadWatch®, KAB Seating™, National Seating, Bostrom Seating®, CIEB®, Stratos Seating®, Trim Systems, ComforTEK™, FlameTEK™ and Mayflower Vehicle Systems®. We believe that our brands are valuable and are increasing in value with the growth of our business, but that our business is not dependent on such brands. We own U.S. federal trademark registrations for several of our brands.

### **Seasonality**

OEMs' production requirements can fluctuate as the demand for new vehicles softens during the holiday seasons in North America, Europe, Asia and Australia as OEM manufacturers generally close their production facilities at various times during the year.

### **Employees**

As of December 31, 2011, we had approximately 6,356 permanent employees, of whom approximately 16% were salaried and the remainder were hourly. As of December 31, 2011, approximately 49% of the employees in our North American operations were unionized, and approximately 50% of our employees at our European, Asian and Australian operations were represented by shop steward committees. We did not experience any material strikes, lockouts or work stoppages during 2011 and consider our relationship with our employees to be satisfactory. On an as-needed basis during peak periods, contract and temporary employees are utilized. During periods of weak demand, we respond to reduced volumes through flexible scheduling, furloughs and reductions in force as necessary.

### **Environmental Matters**

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, and 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 environment and safety 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. 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.

Several of our facilities are either certified as, or are in the process of being certified as, ISO 9001, 14000 or 14001 (the international environmental management standard) compliant or are developing similar

environmental management systems. Although we have made, and will continue to make, capital expenditures to implement such environmental programs and comply with environmental requirements, we do not expect to make material capital expenditures for environmental controls in the remainder of 2012 or in 2013. The environmental laws to which we are subject have become more stringent over time, and we could incur material costs or expenses in the future to comply with environmental laws.

Certain of our operations generate hazardous substances and wastes. If a release of such substances or wastes occurs at or from our properties, or at or from any offsite disposal location to which substances or wastes from our current or former operations were taken, or if contamination is discovered at any of our current or former properties, we may be held liable for the costs of cleanup and for any other response by governmental authorities or private parties, together with any associated fines, penalties or damages. In most jurisdictions, this liability would arise whether or not we had complied with environmental laws governing the handling of hazardous substances or wastes.

### **Government Regulations**

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 (“EPA”), 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 (Class 8) diesel engines that went into effect in the U.S. on October 1, 2002 and January 1, 2007 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 became effective in 2010. In 2011, the EPA and National Highway Traffic Safety Administration adopted a program to reduce greenhouse gas emissions and improve the fuel efficiency of medium-and heavy-duty vehicles. These standards will phase in with increasing stringency in each model year from 2014 to 2018. Any changes in EPA or CARB regulations can have an impact on production volumes for new vehicles and, as a result, indirectly impact our operations. 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.

### **Available Information**

We maintain a website on the Internet at [www.cvgrp.com](http://www.cvgrp.com). We make available free of charge through our website, by way of a hyperlink to a third-party Securities Exchange Commission (SEC) filing website, our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports electronically filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934. Such information is available as soon as such reports are filed with the SEC. Additionally, our Code of Ethics may be accessed within the Investor Relations section of our website. Information found on our website is not part of this Annual Report on Form 10-K or any other report filed with the SEC.



## Executive Officers of Registrant

The following table sets forth certain information with respect to our executive officers as of March 8, 2012:

<u>Name</u>	<u>Age</u>	<u>Principal Position(s)</u>
Gerald L. Armstrong . . . . .	50	Executive Vice President and President & General Manager of Cab Systems
W. Gordon Boyd . . . . .	64	Executive Vice President and President of Seating Systems
Mervin Dunn . . . . .	58	President, Chief Executive Officer and Director
Kevin R.L. Frailey . . . . .	45	Executive Vice President and President & General Manager of Electrical Systems
Chad M. Utrup . . . . .	39	Executive Vice President, Chief Financial Officer and Secretary

The following biographies describe the business experience of our executive officers:

*Gerald L. Armstrong* has served as President and General Manager of Cab Systems since December 2008 and as Executive Vice President since March 2011. From November 2006 to December 2008, Mr. Armstrong served as President — CVG Global Truck. From April 2004 to November 2006, Mr. Armstrong served as President — CVG Americas and from July 2002 to April 2004 as Vice President and General Manager of National Seating and KAB North America. Prior to joining us, Mr. Armstrong served from 1995 to 2000 and from 2000 to July 2002 as Vice President and General Manager, respectively, of Gabriel Ride Control Products, a manufacturer of shock absorbers and related ride control products for the automotive and light truck markets, and a wholly-owned subsidiary of ArvinMeritor Inc. Mr. Armstrong began his service with ArvinMeritor Inc., a manufacturer of automotive and commercial vehicle components, modules and systems in 1987, and served in various positions of increasing responsibility within its light vehicle original equipment and aftermarket divisions before starting at Gabriel Ride Control Products. Prior to 1987, Mr. Armstrong held various positions of increasing responsibility including Quality Engineer and Senior Quality Supervisor and Quality Manager with Schlumberger Industries and Hyster Corporation.

*W. Gordon Boyd* has served as President of Seating Systems since January 2010 and as Executive Vice President since March 2011. From December 2008 to January 2010, Mr. Boyd served as Senior Advisor to the Chief Executive Officer. From November 2006 to December 2008, Mr. Boyd served as President — CVG Global Construction. From June 2005 to November 2006, Mr. Boyd served as President — CVG International and prior thereto served as our President — Mayflower Vehicle Systems from the time we completed the acquisition of Mayflower in February 2005. Mr. Boyd joined Mayflower Vehicle Systems U.K. as Manufacturing Director in 1993. In 2002, Mr. Boyd became President and Chief Executive Officer of MVS, Inc.

*Mervin Dunn* has served as a director since August 2004 and as our President and Chief Executive Officer since June 2002, and prior thereto served as the President of Trim Systems, commencing upon his joining us in October 1999. From 1998 to 1999, Mr. Dunn served as the President and Chief Executive Officer of Bliss Technologies, a heavy metal stamping company. From 1988 to 1998, Mr. Dunn served in a number of key leadership roles at Arvin Industries, including Vice President of Operating Systems (Arvin North America), Vice President of Quality, and President of Arvin Ride Control. From 1985 to 1988, Mr. Dunn held several key management positions in engineering and quality assurance at Johnson Controls Automotive Group, an automotive trim company, including Division Quality Manager. From 1980 to 1985, Mr. Dunn served in a number of management positions for engineering and quality departments of Hyster Corporation, a manufacturer of heavy lift trucks. Mr. Dunn also currently serves as a director of Transdigm Group, Inc.

*Kevin R.L. Frailey* has served as President and General Manager of Electrical Systems since July 2010 and as Executive Vice President since March 2011. From December 2008 to July 2010, Mr. Frailey served as the Executive Vice President and General Manager for Electrical Systems and prior thereto served as the Executive Vice President of Business Development from February 2007 to December 2008. Prior to joining us, Mr. Frailey served as Vice President and General Manager for Joint Ventures and Business Strategy at ArvinMeritor's Emissions Technologies Group from 2003 to early 2007. From 1988 to 2007, Mr. Frailey held several key management positions in engineering, sales and worldwide supplier development at ArvinMeritor. In addition, during that time Mr. Frailey served on the boards of various joint ventures, most notably those of Arvin Sango, Inc., and AD Tech Co., Ltd.

*Chad M. Utrup* has served as the Chief Financial Officer since January 2003 and as an Executive Vice President since January 2009, and prior thereto served as the Vice President of Finance at Trim Systems since 2000. Prior to joining us in February 1998, Mr. Utrup served as a project management group member at Electronic Data Systems. While with Electronic Data Systems, Mr. Utrup's responsibilities included financial support and implementing cost recovery and efficiency programs at various Delphi Automotive Systems support locations. Mr. Utrup also currently serves as a director of Roadrunner Transportation Systems, Inc.

#### **Item 1A. Risk Factors**

You should carefully consider the risks described below before making an investment decision.

If any of these certain risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline and you may lose all or part of your investment.

- **The agreement governing our revolving credit facility contains financial covenants, and that agreement and the indenture governing our 7.875% senior secured notes due 2019 (the "7.875% notes") contain other covenants that may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions. If we are unable to comply with these covenants, our business, results of operations and liquidity could be materially and adversely affected.**

We entered into an amended and restated loan and security agreement on April 26, 2011, which amended and restated the loan agreement, dated January 7, 2009 (as amended, the "Loan and Security Agreement"), which governs our revolving credit facility (as amended, the "revolving credit facility"). Under the revolving credit facility, we are required, under certain circumstances, to comply with a fixed charge coverage ratio covenant, as described in more detail under "Management's Discussion and Analysis — Liquidity and Capital Resources — Debt and Credit Facilities — Revolving Credit Facility." We continue to operate in a challenging economic environment, and our ability to comply with the covenants in the Loan and Security Agreement may be affected in the future by economic or business conditions beyond our control. If we do not comply with the financial and other covenants in the Loan and Security Agreement and we are unable to obtain necessary waivers or amendments from the lender, we would be precluded from borrowing under the Loan and Security Agreement, which could have a material adverse effect on our business, financial condition and liquidity. If we are unable to borrow under the Loan and Security Agreement, we will need to meet our capital requirements using other sources and alternative sources of liquidity may not be available on acceptable terms. In addition, if we do not comply with the financial and other covenants in the Loan and Security Agreement, the lender could declare an event of default under the Loan and Security Agreement, and our indebtedness thereunder could be declared immediately due and payable, which would also result in an event of default under the 7.875% notes. The lender under the Loan and Security Agreement would also have the right in these circumstances to terminate any commitments it has to provide further borrowings. Any of these events would have a material adverse effect on our business, financial condition and liquidity.

In addition, the Loan and Security Agreement contains covenants that, among other things, restrict our ability to:

- incur liens;
- incur or assume additional debt or guarantees or issue preferred stock;
- pay dividends, or make redemptions and repurchases, with respect to capital stock;
- prepay, or make redemptions and repurchases of, subordinated debt;
- make loans and investments;
- make capital expenditures;
- engage in mergers, acquisitions, asset sales, sale/leaseback transactions and transactions with affiliates;
- place restrictions on the ability of subsidiaries to pay dividends or make other payments to the issuer;
- change the business conducted by us or our subsidiaries; and
- amend the terms of subordinated debt.

The indenture governing the 7.875% notes also contain restrictive covenants. The operating and financial restrictions and covenants in this debt agreement and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

- **Our substantial amount of indebtedness may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.**

The aggregate amount of our outstanding indebtedness was \$250.0 million as of December 31, 2011. Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our indebtedness, combined with our lease and other financial obligations and contractual commitments could have other important consequences to our stockholders. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the revolving credit facility and the 7.875% notes, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the revolving credit facility and the indenture governing the 7.875% notes;
- make us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other purposes.

Any of the above listed factors could materially adversely affect our business, financial condition and results of operations.

The agreement governing the revolving credit facility and the indenture governing the 7.875% notes contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

- **Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations. We may not be able to refinance or restructure our indebtedness before it becomes due.**

Our ability to pay interest on and principal of the revolving credit facility, the 7.875% notes and to satisfy our other debt obligations will depend principally upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments.

Our revolving credit facility is due in 2014, and the 7.875% notes are due in 2019. We may not be able to refinance or restructure our revolving credit facility or our long-term debt before it becomes due. If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, including payments on the revolving credit facility and the 7.875% notes, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of the Loan and Security Agreement and the indenture governing the 7.875% notes, or any agreements governing any future debt instruments, restrict us from adopting some of these alternatives. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance our obligations at all or on commercially reasonable terms, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of our long-term debt.

- **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.

We are also afforded the protections of Section 203 of the Delaware General Corporation Law, which would prevent 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 were obtained. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock.

- **Volatility and cyclicalities 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 of the economy, 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. In addition, North American commercial vehicle sales and production experienced a downturn during 2007 and 2008 as a result of preorders in 2006 in anticipation of the new EPA emission standards becoming effective in 2007 and general weakness in the North American economy and corresponding decline in the need for heavy truck commercial vehicles to haul freight tonnage in North America, among other factors. These downturns had a material adverse effect on our business during the same periods. North American Class 8 production levels in 2009 were down approximately 42% over 2008 as the overall weakness in the North American economy and credit markets continued to put pressure on the demand for new vehicles. In addition, tightening of credit in financial markets may continue to adversely affect the ability of our customers to obtain financing for significant truck orders. Although North American Class 8 production in 2011 increased approximately 66% over the prior year period, we cannot provide any assurance as to the length or level of the recovery from the recent decline, and any further decline would have an adverse impact on our business and results of operations. Any extended downturn could again materially affect our business and results of operations. We also cannot predict that the industry will follow past cyclical patterns that might include strong preorders in advance of new emissions standards or declines driven by post-EPA standards or economic conditions. If unit production of Class 8 heavy trucks does not continue to recover, it may continue to adversely affect our business and results of operations.

- **Volatility in the commercial vehicle market could result from manmade and natural disasters and other global business disruptions.**

Volatility in the commercial vehicle market could result from manmade and natural disasters and other global business disruptions. Such catastrophic events may disrupt the commercial vehicle supply chain and materially adversely affect global production levels in our industry. The impact from disasters that result in widespread destruction may not be immediately apparent. It is particularly difficult to assess the impact of catastrophic losses on our suppliers and end customers, who themselves may not fully understand the impact of such events on their businesses. Accordingly, there is no assurance that our results of operations will not be materially affected as a result of the impact of future disasters.

- **Our results of operations could be significantly adversely affected by a continuing, or any future, downturn in the U.S. and global economy.**

Demand for our heavy truck products is generally dependent on the number of new heavy truck commercial vehicles manufactured in North America. Historically, the demand for heavy truck commercial vehicles has significantly declined during periods of weakness in the North American economy and the corresponding decline in the need for commercial vehicles to haul freight tonnage in North America.

Demand for our construction products is also dependent on the overall vehicle demand for new commercial vehicles in the global construction equipment market. Demand in the medium/heavy construction equipment market, which is the market in which our products are primarily used, is typically related to the level of larger-scale infrastructure development projects. Demand in the light construction equipment market is typically related to certain economic conditions such as the level of housing construction and other smaller-scale developments and projects. Downturns in the economy are usually accompanied by related declines in infrastructure development and other construction projects.

Accordingly, our results of operations are directly impacted by changes in the U.S. economy and global economic conditions. The substantial downturn in the U.S. and global economies in 2009 significantly lowered demand for our products. This lower demand reduced our revenues by approximately 40% for the year ended



December 31, 2009 compared to the prior year period and reduced our operating income. In 2010 and continuing into 2011, the heavy truck and global construction markets showed signs of recovery. If the global economy and the financial markets do not continue to recover, we expect that low demand for our products could continue to have a negative impact on our revenues, operating results and financial position. Any prolonged recession could result in lower earnings and reduced cash flow that, over time, could have a material adverse impact on our ability to fund our operations and capital requirements.

- **Current economic conditions and disruptions in the credit and financial markets could have an adverse effect on our business, financial condition and results of operations.**

Recently, the financial markets experienced a period of unprecedented turmoil, including the bankruptcy, restructuring or sale of certain financial institutions and the intervention of the U.S. federal government. While the ultimate outcome of these events cannot be predicted, they may have a material adverse effect on our liquidity and financial condition if our ability to borrow money to finance our operations were to be impaired. The crisis in the financial markets may also have a material adverse impact on the availability and cost of credit in the future. Our ability to pay our debt or refinance our obligations under the Loan and Security Agreement and the other agreements governing our outstanding indebtedness (including the indenture governing the 7.875% notes) will depend on our future performance, which will be affected by, among other things, prevailing economic conditions. We believe the tightening of credit in financial markets has also adversely affected the ability of our customers to obtain financing for significant truck orders and the ability of our suppliers to provide us with sufficient raw materials for our products. If the credit markets do not improve or if there is any future tightening of those markets, our customers' ability to finance the purchase of new commercial vehicles or our suppliers' ability to provide us with raw materials may be adversely impacted, either of which could adversely affect our business and results of operations.

- **Our profitability could be adversely affected if the actual production volumes for our customers' vehicles are significantly lower than expected.**

We incur costs and make capital expenditures based upon estimates of production volumes for our customers' vehicles. While we attempt to establish a price for 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 revenues were to purchase materially lower volumes than expected, it would have a material adverse effect on our business, financial condition and results of operations.

- **Our major OEM customers may exert significant influence over us.**

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.

- **We may be unable to successfully implement our business strategy and, as a result, our businesses and financial position and results of operations could be materially and adversely affected.**

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 commercial vehicle markets we supply, 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, petroleum-based products, copper, resin, foam, fabrics, wire and wire components account for the most significant portion of our raw material costs. Although we currently maintain alternative sources for raw materials, our business is subject to the risk of price increases and periodic delays in delivery. For example, we are currently being assessed surcharges on certain purchases of steel, copper and other raw materials. 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.

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

We may 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 in the Loan and Security Agreement and the indenture governing the 7.875% notes 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 adversely impacted by labor strikes, work stoppages and other matters.**

The hourly workforces at our Shadyside, Ohio facility and Mexico operations are unionized. The unionized employees at these facilities represented approximately 49% of our employees in our North American operations as of December 31, 2011. We have experienced limited unionization efforts at certain of our other North American facilities from time to time. In addition, approximately 50% of our employees at our European, Asian and Australian operations were 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 businesses are subject to statutory environmental and safety regulations in multiple jurisdictions, and the impact of any changes in regulation and/or the violation of any applicable laws and regulations by our businesses could result in a material and adverse effect on our financial condition and results of operations.**

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, 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 environmental and safety 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 and 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.

Several of our facilities are either certified as, or are in the process of being certified as ISO 9001, 14000, 14001 or TS16949 (the international environmental management standard) compliant or are developing similar environmental management systems. Although we have made, and will continue to make, capital expenditures to implement such environmental programs and comply with environmental requirements, we do not expect to make material capital expenditures for environmental controls in 2012 or 2013. The environmental laws to which we are subject have become more stringent over time, and we could incur material costs or expenses in the future to comply with environmental laws.

Certain of our operations generate hazardous substances and wastes. If a release of such substances or wastes occurs at or from our properties, or at or from any offsite disposal location to which substances or wastes from our current or former operations were taken, or if contamination is discovered at any of our current or former properties, we may be held liable for the costs of cleanup and for any other response by governmental authorities or private parties, together with any associated fines, penalties or damages. In most jurisdictions, this liability would arise whether or not we had complied with environmental laws governing the handling of hazardous substances or wastes.

- **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 U.S. Environmental Protection Agency (“EPA”), state regulatory agencies in North America, 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 in the U.S. 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 (Class 8) diesel engines that went into effect in the U.S. on October 1, 2002 and January 1, 2007 resulted in significant purchases of new trucks by fleet operators prior to such dates and reduced short term demand for such trucks in periods immediately following such dates. New emission standards for truck engines used in Class 5 to 8 trucks imposed by the EPA and CARB became effective in 2010. In 2011, the EPA and National Highway Traffic Safety Administration adopted a program to reduce greenhouse gas emissions and improve the fuel efficiency of medium-and heavy-duty vehicles. These standards will phase in with increasing stringency in each model year from 2014 to 2018. 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.

- **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 revenues.**

Sales to PACCAR, Volvo/Mack, Daimler Trucks, Caterpillar, International (Navistar), Deere & Co. and Oshkosh Trucks accounted for approximately 18%, 14%, 13%, 11%, 9%, 4% and 4%, respectively, of our revenue in 2011, and our ten largest customers accounted for approximately 78% of our revenue in 2011. The loss of any of our largest customers or the loss of significant business from any of these customers could 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.

- **Currency exchange rate fluctuations could have an adverse effect on our revenues and results of operations.**

We have operations in Europe, Asia, Australia and Mexico, which accounted in the aggregate for approximately 24% of our revenues in 2011. 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.

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

We have operations in Europe, Asia, Australia and Mexico, which accounted in the aggregate for approximately 24%, 26% and 20% of our total revenues for the years ended December 31, 2011, 2010 and 2009, respectively. There are certain risks inherent in our international business activities including, but not limited to:

- 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 U.S.;
- tax rates in certain foreign countries, which may exceed those in the U.S. withholding requirements or the imposition of tariffs, exchange controls or other restrictions, including restrictions on repatriation, on foreign earnings;
- 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 U.S. law.

As we continue to expand our business on a global basis, we are increasingly exposed to these risks. 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.

- **Our inability to compete effectively in the highly competitive commercial vehicle component supply industry could result in lower prices for our products, reduced gross margins and loss of market share, which could have an adverse effect on our revenues and operating results.**

The commercial vehicle component supply industry is highly competitive. Some of our competitors are companies, or divisions or subsidiaries of companies that are larger and have greater financial and other resources than we do. In some cases, we compete with divisions of our OEM customers. For example, the closing of our Norwalk, Ohio truck cab assembly facility in 2010 was a result of Navistar's decision to insource the cab assembly operations that we performed in that facility into its existing assembly facility in Escobedo, Mexico. 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. Increased competition may lead to price reductions resulting in reduced gross margins and loss of market share.

Current and future competitors may make strategic acquisitions or establish cooperative relationships among themselves or with others, foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at lower cost than we can or adapt more quickly to new technologies, industry or customer requirements. By doing so, they may enhance their ability to meet the needs of our customers or potential future customers. These developments could limit our ability to obtain revenues from new customers and to maintain existing revenues from our customer base. We may not be able to compete successfully against current and future competitors and the failure to do so may have a material adverse effect on our business, operating results and financial condition.

- **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 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 of products to operate properly.

- **If we are unable to recruit or retain skilled personnel, or if we lose the services of any of our key management personnel, our business, operating results and financial condition could be materially adversely affected.**

Our future success depends on our continuing ability to attract, train, integrate and retain highly skilled personnel. Competition for these employees is intense. We may not be able to retain our current key employees or attract, train, integrate or retain other highly skilled personnel in the future. Our future success also depends in large part on the continued service of key management personnel, particularly our key executive officers. If we lose the services of one or more of these individuals or other key personnel, or if we are unable to attract, train,



integrate and retain the highly skilled personnel we need, our business, operating results and financial condition could be materially adversely affected.

- **We have only limited protection for our proprietary rights in our intellectual property, which makes it difficult to prevent third parties from infringing upon our rights.**

Our success depends to a certain 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 arrangements 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 revenues could be materially adversely affected.

- **Our products may be susceptible to claims by third parties that our products infringe upon their proprietary rights.**

As the number of products in our target markets increases and the functionality of these products further overlaps, we may become increasingly subject to claims by a third party that our technology infringes such party's proprietary rights. Regardless of their merit, any such claims could be time consuming and expensive to defend, may divert management's attention and resources, could cause product shipment delays and could require us to enter into costly royalty or licensing agreements. If successful, a claim of infringement against us and our inability to license the infringed or similar technology and/or product could have a material adverse effect on our business, operating results and financial condition.

- **The market price of our common stock may continue to be extremely volatile.**

Our stock price has fluctuated since our initial public offering in August 2004. The trading price of our common stock is subject to significant fluctuations in response to variations in quarterly operating results, including foreign currency exchange fluctuations, the gain or loss of significant orders, changes in earnings estimates by analysts, announcements of technological innovations or new products by us or our competitors, general conditions in the commercial vehicle industry and other events or factors. In addition, the equity markets in general have recently experienced significant disruptions which have caused substantial volatility in the market price for many companies in industries similar or related to that of ours and which have been unrelated to the operating performance of these companies. These market fluctuations may have affected and may continue to affect the market price of our common stock.

- **Our operating results, revenues and expenses may fluctuate significantly from quarter-to-quarter or year-to-year, which could have an adverse effect on the market price of our common stock.**

For a number of reasons, including but not limited to, those described below, our operating results, revenues and expenses have in the past varied and may in the future vary significantly from quarter-to-quarter or year-to-year. These fluctuations could have an adverse effect on the market price of our common stock.

*Fluctuations in Quarterly or Annual Operating Results.* Our operating results may fluctuate as a result of:

- the size, timing, volume and execution of significant orders and shipments;
- changes in the terms of our sales contracts;
- the timing of new product announcements;
- changes in our pricing policies or those of our competitors;
- market acceptance of new and enhanced products;
- the length of our sales cycles;
- changes in our operating expenses;
- personnel changes;
- new business acquisitions;
- changes in foreign currency exchange rates; and
- seasonal factors.

*Limited Ability to Adjust Expenses.* We base our operating expense budgets primarily on expected revenue trends. Certain of our expenses are relatively fixed and as such we may be unable to adjust expenses quickly enough to offset any unexpected revenue shortfall. Accordingly, any shortfall in revenue may cause significant variation in operating results in any quarter or year.

Based on the above factors, we believe that quarter-to-quarter or year-to-year comparisons of our operating results may not be a good indication of our future performance. It is possible that in one or more future quarters or years, our operating results may be below the expectations of public market analysts and investors. In that event, the trading price of our common stock may 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 warrant certain of our products in the hands of these OEMs' customers, in some cases for as long as seven 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 to 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.

- **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 facilities in North America, Europe, Asia and Australia. 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 could reduce our net revenues 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 revenues. 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.

- **Our inability to successfully execute any planned cost reductions, restructuring initiatives or the achievement of operational efficiencies could result in the incurrence of additional costs and expenses that could adversely affect our reported earnings.**

As part of our business strategy, we continuously seek ways to lower costs, improve manufacturing efficiencies and increase productivity and intend to apply this strategy to those operations acquired through acquisitions. We may be unsuccessful in achieving these objectives which could adversely affect our operating results and financial condition. In addition, we may incur restructuring charges in the future and such charges could adversely affect our operating results and financial condition. In 2009, we announced the following restructuring plans:

- A reduction in workforce and the closure of certain manufacturing, warehousing and assembly facilities. The facilities closed included an assembly and sequencing facility in Kent, Washington; seat sequencing and assembly facility in Statesville, North Carolina; manufacturing facility in Lake Oswego, Oregon; inventory and product warehouse in Concord, North Carolina; and seat assembly and distribution facility in Seneffs, Belgium. The decision to reduce our workforce was the result of the extended downturn of the global economy and, in particular, the commercial vehicle markets. We substantially completed these activities as of December 31, 2009.
- The closure of our Vancouver, Washington manufacturing facility. The decision to close the facility was the result of the extended downturn of the global economy and, in particular, the commercial vehicle markets. We substantially completed this closure as of December 31, 2009.
- The closure and consolidation of one of our facilities located in Liberec, Czech Republic and the closing of our Norwalk, Ohio truck cab assembly facility. The closure and consolidation of our Liberec, Czech Republic facility was a result of management's continued focus on reducing fixed costs and eliminating excess capacity. The closure of this facility was substantially completed as of December 31, 2009. The closure of our Norwalk, Ohio facility was a result of Navistar's decision to insource the cab assembly operations into its existing assembly facility in Escobedo, Mexico. We substantially completed the Norwalk closure as of September 30, 2010.

We estimate that we will record total cash expenditures for all of these restructuring plans of approximately \$6.6 million, consisting of approximately \$2.5 million of severance costs and \$4.1 million of facility closure costs.

- **Our earnings may be adversely affected by changes to the carrying values of our tangible and intangible assets as a result of recording any impairment charges deemed necessary.**

We are required to perform impairment tests whenever events and circumstances indicate the carrying value may not be recoverable. Significant and unanticipated changes in circumstances, such as the general economic environment, changes or downturns in our industry as a whole, termination of any of our customer contracts, restructuring efforts and general workforce reductions, may result in a charge for impairment that can materially and adversely affect our reported net income and our stockholders' equity.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our corporate office is located in New Albany, Ohio. Several of our manufacturing facilities are located near our OEM customers to reduce our distribution costs, reduce risk of interruptions in our delivery schedule, further improve customer service and provide our customers with reliable delivery of products and services. The following table provides selected information regarding our principal facilities as of December 31, 2011:

<u>Location</u>	<u>Primary Product/Function</u>	<u>Approximate Square Footage</u>	<u>Ownership Interest</u>
Piedmont, Alabama	Seats	190,000 sq. ft.	Owned
Douglas, Arizona	Warehouse	20,000 sq. ft.	Leased
Monona, Iowa	Wire Harness Assembly	62,000 sq. ft.	Owned
Edgewood, Iowa	Wire Harness Assembly	36,000 sq. ft.	Leased
Dekalb, Illinois	Wire Harness Assembly	60,000 sq. ft.	Leased
Michigan City, Indiana	Wipers, Switches	87,000 sq. ft.	Leased
Wixom, Michigan	Engineering	3,000 sq. ft.	Leased
Kings Mountain, North Carolina	Cab, Sleeper Box, Assembly	180,000 sq. ft.	Owned
Statesville, North Carolina	Interior Trim and Warehouse	190,000 sq. ft.	Leased
Concord, North Carolina	Injection Molding	152,000 sq. ft.	Leased
Norwalk, Ohio	Idle	340,000 sq. ft.	Owned/Leased
Shadyside, Ohio	Stamping of Steel and Aluminum Structural and Exposed Stamped Components	200,000 sq. ft.	Owned
Chillicothe, Ohio	Interior Trim and Warehouse	74,000 sq. ft.	Owned /Leased
New Albany, Ohio	Corporate Headquarters/R&D	89,000 sq. ft.	Leased
Tigard, Oregon	Interior Trim and Warehouse	90,000 sq. ft.	Leased
Vonore, Tennessee	Seats, Mirrors	200,000 sq. ft.	Owned
Tellico Plains, Tennessee	Cut and Sew	148,000 sq. ft.	Leased
Dublin, Virginia	Interior Trim and Warehouse	88,000 sq. ft.	Owned/Leased
Agua Prieta, Mexico	Wire Harness Assembly	225,000 sq. ft.	Leased
Saltillo, Mexico	Interior Trim	160,000 sq. ft.	Leased
Northampton, United Kingdom	Seat Assembly	210,000 sq. ft.	Leased
Brisbane, Australia	Seat Assembly	29,000 sq. ft.	Leased
Sydney, Australia	Seat Assembly	25,000 sq. ft.	Leased
Shanghai, China	Seat Assembly	109,000 sq. ft.	Leased

<u>Location</u>	<u>Primary Product/Function</u>	<u>Approximate Square Footage</u>	<u>Ownership Interest</u>
Beijing, China	Seat Assembly	20,000 sq. ft.	Leased
Xuzhou, China	Warehouse	11,000 sq. ft.	Leased
Brandys nad Orlici, Czech Republic	Seat Assembly	94,000 sq. ft.	Owned
Liberec, Czech Republic	Wire Harness Assembly	104,000 sq. ft.	Leased
Kamyanets-Podilsky, Ukraine	Wire Harness Assembly	46,000 sq. ft.	Leased

We also have leased sales and service offices located in the U.S., Belgium, Australia, Sweden, Czech Republic and France.

Utilization of our facilities varies with North American, European, Asian and Australian commercial vehicle production and general economic conditions in such regions. All locations are principally used for manufacturing or assembly, except for our Wixom, Michigan; Aurora, Illinois; and New Albany, Ohio facilities, which are administrative offices, and our leased warehouse facilities in Douglas, Arizona; Statesville, North Carolina; Chillicothe, Ohio; Tigard, Oregon; Dublin, Virginia and Xuzhou, China.

**Item 3. *Legal Proceedings***

We are subject to various legal proceedings and claims arising in the ordinary course of business, including, but not limited to, customer and supplier disputes and product liability claims arising out of the conduct of our businesses and examinations by the Internal Revenue Service (“IRS”). The IRS routinely examines our federal income tax returns and, in the course of those examinations, the IRS may propose adjustments to our federal income tax liability reported on such returns. It is our practice to defend those proposed adjustments that we deem lacking merit. We are not involved in any litigation at this time in which we expect that an unfavorable outcome of the proceedings will have a material adverse effect on our financial position, results of operations or cash flows.

**Item 4. *Mine Safety Disclosures***

Not applicable



## PART II

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

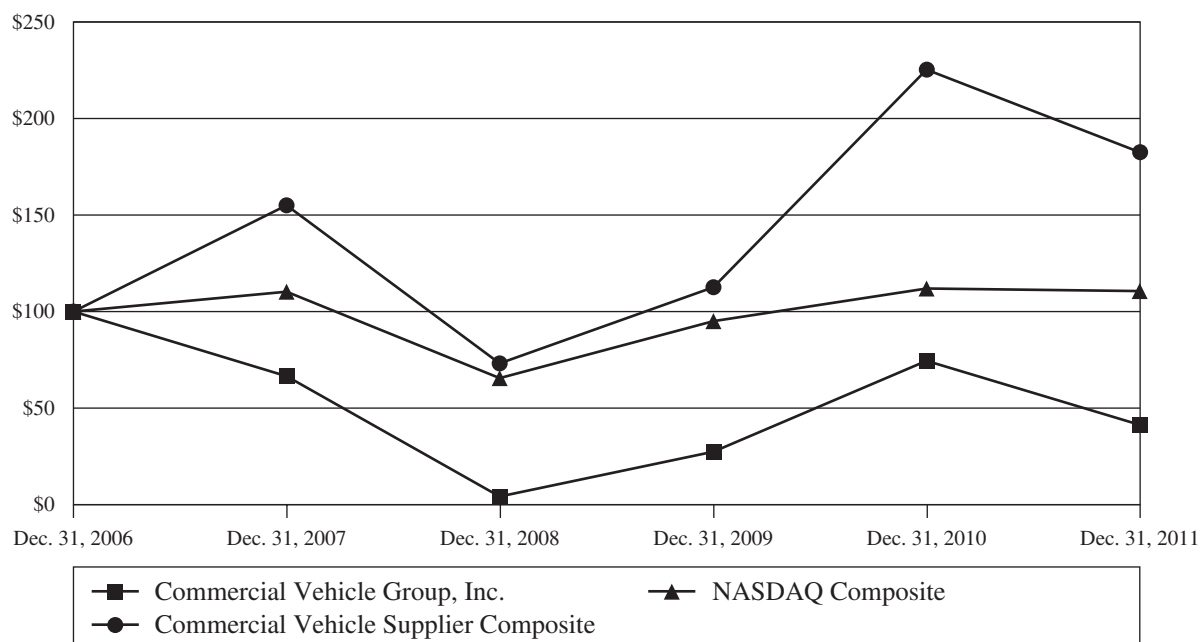
Our common stock is traded on the NASDAQ Global Select Market under the symbol "CVGI." The following table sets forth the high and low sale prices for our common stock, for the periods indicated as regularly reported by the NASDAQ Global Select Market:

	<u>High</u>	<u>Low</u>
Year Ended December 31, 2011:		
Fourth Quarter .....	\$11.88	\$ 5.95
Third Quarter .....	\$15.08	\$ 5.65
Second Quarter .....	\$19.00	\$13.03
First Quarter .....	\$19.62	\$14.00
Year Ended December 31, 2010:		
Fourth Quarter .....	\$18.52	\$ 9.63
Third Quarter .....	\$11.64	\$ 8.71
Second Quarter .....	\$13.69	\$ 7.00
First Quarter .....	\$ 7.89	\$ 4.69

As of March 9, 2012, there were 159 holders of record of our outstanding common stock.

We have not declared or paid any dividends to the holders of our common stock in the past and do not anticipate paying dividends in the foreseeable future. Any future payment of dividends is within the discretion of the Board of Directors and will depend upon, among other factors, the capital requirements, operating results and financial condition of CVG. In addition, our ability to pay cash dividends is limited under the terms of the Loan and Security Agreement and the indenture governing the 7.875% notes, as described in more detail under "Management's Discussion and Analysis — Liquidity and Capital Resources — Debt and Credit Facilities."

The following graph compares the cumulative five year total return to holders of Commercial Vehicle Group, Inc.'s common stock to the cumulative total returns of the NASDAQ Composite Index and a customized peer group of five companies that includes: Accuride Corporation, ArvinMeritor, Inc, Cummins, Inc., Eaton Corp. and Stoneridge, Inc. The graph assumes that the value of the investment in the Company's common stock, in the peer group and the index (including reinvestment of dividends) was \$100 on December 31, 2006 and tracks it through December 31, 2011.



\* Based on \$100 invested on December 31, 2006 in stock or index, including reinvestment of dividends.

	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
Commercial Vehicle Group, Inc.	100.00	66.51	4.27	27.48	74.54	41.47
NASDAQ Composite	100.00	110.26	65.65	95.19	112.10	110.81
Commercial Vehicle Supplier Composite	100.00	154.95	73.32	112.83	225.54	182.72

The information in the graph and table above is not "soliciting material," is not deemed "filed" with the Securities and Exchange Commission and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this annual report, except to the extent that we specifically incorporate such information by reference.

The following table sets forth information in connection with purchases made by, or on behalf of, us or any affiliated purchaser, of shares of our common stock during the quarterly period ended December 31, 2011:

	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (October 1, 2011 through October 31, 2011) .....	141,662	\$8.53	—	—
Month #2 (November 1, 2011 through November 30, 2011) .....	—	—	—	—
Month #3 (December 1, 2011 through December 31, 2011) .....	—	—	—	—

We did not repurchase any of our common stock on the open market as part of a stock repurchase program during the fourth quarter of 2011; however, our employees surrendered 141,662 shares of our common stock to satisfy tax withholding obligations on the vesting of restricted stock awards issued under our Fourth Amended and Restated Equity Incentive Plan.

#### **Unregistered Sales of Equity Securities**

We did not sell any equity securities during 2011 that were not registered under the Securities Act of 1933, as amended.

## Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data regarding our business and certain industry information and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

### Material Events Affecting Financial Statement Comparability:

Our acquisitions of PEKM Kabeltechnik s.r.o. (“PEKM”), the fabrication division of Gage Industries, Inc. and Short Bark Industries, LLC in 2007 and Bostrom Seating (“Bostrom”) and Stratos Seating (“Stratos”) in 2011 materially impacted our results of operations and as a result, our consolidated financial statements for the years ended December 31, 2011, 2010, 2009 and 2008 are not comparable to the results of the prior periods presented without consideration of the information provided in Note 3 to our consolidated financial statements contained in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2007, Note 3 to our consolidated financial statements contained in Item 8 of our Annual Report on Form 10-K/A for the year ended December 31, 2008, Note 3 to our consolidated financial statements contained in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2009 and Note 4 to our consolidated financial statements contained in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2011.

	Years Ended December 31,				
	2011	2010	2009	2008	2007
	(Dollars in thousands, except share and per share data)				
<b>Statement of Operations Data:</b>					
Revenues	\$832,022	\$597,779	\$458,569	\$ 763,489	\$696,786
Cost of revenues	716,430	522,982	448,912	689,284	620,145
Gross profit	115,592	74,797	9,657	74,205	76,641
Selling, general and administrative expenses	65,521	56,111	47,874	62,764	55,493
Amortization expense	346	240	389	1,379	894
Gain on sale of long-lived asset	—	—	—	(6,075)	—
Goodwill and intangible asset impairment	—	—	30,135	207,531	—
Long-lived asset impairment	—	—	17,272	—	—
Restructuring costs	669	1,730	3,651	—	1,433
Operating income (loss)	49,056	16,716	(89,664)	(191,394)	18,821
Other expense (income)	353	(4,780)	(11,119)	13,945	9,361
Interest expense	19,570	16,834	15,133	15,389	14,147
Loss on early extinguishment of debt	7,448	—	1,254	—	149
Expense relating to debt exchange	—	—	2,902	—	—
Income (loss) before income taxes	21,685	4,662	(97,834)	(220,728)	(4,836)
Provision (benefit) for income taxes	3,095	(1,825)	(16,299)	(13,969)	(1,585)
Net income (loss)	18,590	6,487	(81,535)	(206,759)	(3,251)
Less: Non-controlling interest in subsidiary’s earnings	(15)	—	—	—	—
Net income (loss) attributable to common stockholders	\$ 18,605	\$ 6,487	\$ (81,535)	\$ (206,759)	\$ (3,251)
Income (loss) per share attributable to common stockholders:					
Basic	\$ 0.67	\$ 0.25	\$ (3.74)	\$ (9.58)	\$ (0.15)
Diluted	\$ 0.66	\$ 0.24	\$ (3.74)	\$ (9.58)	\$ (0.15)
Weighted average common shares outstanding:					
Basic	27,848	26,247	21,811	21,579	21,439
Diluted	28,190	26,994	21,811	21,579	21,439

	Years Ended December 31,				
	2011	2010	2009	2008	2007
(Dollars in thousands, except share and per share data)					
<b>Balance Sheet Data (at end of each period):</b>					
Working capital (current assets less current liabilities) .....	\$193,783	\$116,077	\$ 75,785	\$ 87,669	\$117,172
Total assets .....	406,884	286,207	250,509	354,761	599,089
Total liabilities, excluding debt .....	144,109	121,332	125,630	145,924	174,029
Total debt .....	250,000	164,987	162,644	164,895	159,725
Total stockholders' equity (deficit) .....	12,766	(112)	(37,765)	43,942	265,335
Total non-controlling interest .....	9	—	—	—	—
Total equity (deficit) .....	12,775	(112)	(37,765)	43,942	265,335
<b>Other Data:</b>					
Net cash provided by (used in):					
Operating activities .....	\$ 7,794	\$ 17,563	\$ 18,181	\$ 9,743	\$ 47,575
Investing activities .....	(32,376)	(9,955)	(7,745)	(10,134)	(53,292)
Financing activities .....	(70,930)	24,730	(5,616)	5,043	(2,394)
Depreciation and amortization .....	12,576	11,564	16,667	19,062	16,425
Capital expenditures, net .....	22,291	10,645	6,140	12,523	17,274
North American Heavy-duty (Class 8) Truck					
Production (units)(1) .....	255,000	154,000	118,000	206,000	212,000

(1) Source: ACT N.A. Commercial Vehicle OUTLOOK (February 2012).



## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*You should read the following discussion and analysis in conjunction with the information set forth under "Item 6 — Selected Financial Data" and our consolidated financial statements and the notes thereto included in Item 8 in this Annual Report on Form 10-K. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. See "Forward-Looking Information" on page ii of this Annual Report on Form 10-K. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Item 1A — Risk Factors." Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

### **Company Overview**

We are a leading supplier of a full range of cab related products and systems for the global commercial vehicle market, including the heavy-duty (Class 8) truck market, the construction, military, bus and agriculture markets and the specialty transportation markets. Our products include static and suspension seat systems, electronic wire harness assemblies, control and switches, cab structures and components, interior trim systems (including instrument panels, door panels, headliners, cabinetry and floor systems), mirrors and wiper systems 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 several of our major markets and that we are one of the only suppliers 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 a majority of the North American heavy truck and certain leading global construction OEMs, which we believe creates an opportunity to cross-sell our products and offer a full range of cab related products and systems.

Demand for our heavy truck products is generally dependent on the number of new heavy truck commercial vehicles manufactured in North America, which in turn is a function of general economic conditions, interest rates, changes in governmental regulations, consumer spending, fuel costs and our customers' inventory levels and production rates. New heavy truck commercial vehicle demand has historically been cyclical and is particularly sensitive to the industrial sector of the economy, which generates a significant portion of the freight tonnage hauled by commercial vehicles. Production of heavy truck commercial vehicles in North America was strong from 2004 to 2006 due to the broad economic recovery in North America, corresponding growth in the movement of goods, the growing need to replace aging truck fleets and OEMs receiving larger than expected preorders in anticipation of the new EPA emissions standards becoming effective in 2007.

During 2007, the demand for North American Class 8 heavy trucks experienced a downturn as a result of preorders in 2006 and general weakness in the North American economy and corresponding decline in the need for commercial vehicles to haul freight tonnage in North America. The demand for new heavy truck commercial vehicles in 2008 was similar to 2007 levels as weakness in the overall North American economy continued to impact production related orders. The overall weakness in the North American economy and credit markets continued to put pressure on the demand for new vehicles in 2009 as reflected in the 42% decline of North American Class 8 production levels from 2008. We believe this general weakness has contributed to the reluctance of trucking companies to invest in new truck fleets. In 2010, North American Class 8 production levels increased approximately 30% over the prior year period, indicating a recovery in the heavy truck market. This recovery continued into 2011 as North American Class 8 production levels increased approximately 66% from 2010. According to a February 2012 report by ACT Research, a publisher of industry market research, North American Class 8 production levels are expected to increase from 255,000 in 2011, peak at 320,000 in 2013 and decline to 256,000 in 2016.

We believe the increase in demand for new Class 8 vehicles will be driven by several factors, including growth in freight volumes and the replacement of aging vehicles. ACT forecasts that total U.S. freight composite will increase from 11.9 trillion in 2011 to 14.1 trillion in 2016. ACT estimates that the average age of active U.S. Class 8 trucks is 6.7 years in 2011, the highest average vehicle age over the past 13 years. As vehicles age, their maintenance costs typically increase. ACT forecasts that the vehicle age will decline as aging fleets are replaced.

In 2011, approximately 45% of our revenue was generated from sales to North American heavy-duty truck OEMs. Our remaining revenue in 2011 was primarily derived from sales to OEMs in the global construction market, European truck market, aftermarket, OEM service organizations, military market and other commercial vehicle and specialty markets. Demand for our products is also driven to a significant degree by preferences of the end-user of the commercial vehicle, particularly with respect to heavy-duty (Class 8) trucks. Unlike the automotive industry, commercial vehicle OEMs generally afford the ultimate end-user the ability to specify many of the component parts that will be used to manufacture the commercial vehicle, including a wide variety of cab interior styles and colors, the brand and type of seats, type of seat fabric and color and specific mirror styling. In addition, certain of our products are only utilized in heavy-duty (Class 8) trucks, such as our storage systems, sleeper boxes, sleeper bunks and privacy curtains, and, as a result, changes in demand for heavy-duty (Class 8) trucks or the mix of options on a vehicle can have a greater impact on our business than changes in the overall demand for commercial vehicles. To the extent that demand for higher content vehicles increases or decreases, our revenues and gross profit will be impacted positively or negatively.

Demand for our construction products is dependent on the overall vehicle demand for new commercial vehicles in the global construction equipment market and generally follows certain economic conditions around the world. Our products are primarily used in the medium/heavy construction equipment markets (weighing over 12 metric tons). Demand in the medium/heavy construction equipment market is typically related to the level of larger scale infrastructure development projects such as highways, dams, harbors, hospitals, airports and industrial development, as well as activity in the mining, forestry and other raw material based industries. During 2009, we experienced a significant decline in global construction equipment production levels as a result of the global economic downturn and related reduction in new equipment orders. During 2010 and continuing in 2011, the global construction market has shown signs of recovery.

Along with the U.S., we have operations in Europe, Asia, Australia and Mexico. Our operating results are, therefore, impacted by exchange rate fluctuations to the extent we translate our foreign operations from their local currencies into U.S. dollars. Changes in these foreign currencies as compared to the U.S. dollar resulted in an approximate \$9.7 million increase in our revenues in 2011 as compared to 2010 and changes to these foreign currencies as compared to the U.S. dollar resulted in an approximate \$2.4 million reduction in our revenues in 2010 as compared to 2009. Because our costs were generally impacted to the same degree as our revenue, this exchange rate fluctuation did not have a material impact on our net income in 2011 as compared to 2010 and in 2010 as compared to 2009.

We continuously seek ways to improve our operating performance by lowering costs. These efforts include, but are not limited to, the following:

- adjusting our hourly and salaried workforce to optimize costs in line with our production levels;
- sourcing efforts in Mexico, Europe and Asia;
- consolidating our supply base to improve purchasing leverage;
- eliminating excess production capacity through the closure and consolidation of manufacturing, warehousing or assembly facilities;
- improving our manufacturing cost basis by locating production in low-cost regions of the world; and
- implementing Lean Manufacturing and TQPS initiatives to improve operating efficiency and product quality.

In the three months ended December 31, 2009, we announced restructuring plans for the closure and consolidation of one of our facilities located in Liberec, Czech Republic and the closing of our Norwalk, Ohio truck cab assembly facility. The closure and consolidation of our Liberec, Czech Republic facility was a result of management's continued focus on reducing fixed costs and eliminating excess capacity. The closure of this facility was substantially completed as of December 31, 2009. The closure of our Norwalk, Ohio facility was a result of Navistar's decision to source the cab assembly operations into its existing assembly facility in Escobedo, Mexico. We substantially completed the Norwalk closure by September 2010.

Although OEM demand for our products is directly correlated with new vehicle production, we also have the opportunity to grow through increasing our product content per vehicle through cross selling and bundling of products. We generally compete for new business at the beginning of the development of a new vehicle platform and upon the redesign of existing programs. New platform development generally begins at least one to three years before the marketing of such models by our customers. Contract durations for commercial vehicle products generally extend for the entire life of the platform, which is typically five to seven years.

In sourcing products for a specific platform, the customer generally develops a proposed production timetable, including current volume and option mix estimates based on their own assumptions, and then sources business with the supplier pursuant to written contracts, purchase orders or other firm commitments in terms of price, quality, technology and delivery. In general, these contracts, purchase orders and commitments provide that the customer can terminate if a supplier does not meet specified quality and delivery requirements and, in many cases, they provide that the price will decrease over the proposed production timetable. Awarded business generally covers the supply of all or a portion of a customer's production and service requirements for a particular product program rather than the supply of a specific quantity of products. Accordingly, in estimating awarded business over the life of a contract or other commitment, a supplier must make various assumptions as to the estimated number of vehicles expected to be produced, the timing of that production, mix of options on the vehicles produced and pricing of the products being supplied. The actual production volumes and option mix of vehicles produced by customers depend on a number of factors that are beyond a supplier's control.

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). For a comprehensive discussion of our significant accounting policies, see Note 2 to our consolidated financial statements in Item 8 in this Annual Report on Form 10-K.

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates and assumptions on an ongoing basis, particularly relating to revenue recognition and sales commitments, inventory reserves, intangible and long-lived assets, income taxes, warranty reserves and pension and other post-retirement benefit plans. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets, liabilities and equity that are not readily apparent from other sources. Actual results and outcomes could differ materially from these estimates and assumptions. See Item 1A — *Risk Factors* in this Annual Report on Form 10-K for additional information regarding risk factors that may impact our estimates.

*Revenue Recognition and Sales Commitments* — We recognize revenue when (1) delivery has occurred or services have been rendered, (2) persuasive evidence of an arrangement exists, (3) there is a fixed or determinable price and (4) collectability is reasonably assured. Our products are generally shipped from our facilities to our customers, which is when legal title passes to the customer for substantially all of our revenues. 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 generally ranging from five to seven years, and we have no provisions to terminate such contracts.

Provisions for anticipated contract losses are recognized at the time they become evident. In certain instances, we may be committed under existing agreements to supply product to our customers at selling prices that are not sufficient to cover the cost to produce such product. In such situations, we record a provision for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and are recorded at the minimum amount necessary to fulfill our obligations to our customers. We had a provision for anticipated contract losses of \$0.7 million as of December 31, 2011. We had a provision of \$1.7 million for such losses as of December 2010 and \$2.6 million as of December 31, 2009.

*Inventory Reserves* — Inventories are valued at the lower of first-in, first-out (“FIFO”) cost or market. Cost includes applicable material, labor and overhead. We value our finished goods inventory at a standard cost that is periodically adjusted to approximate actual cost. Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on our estimated production requirements driven by expected market volumes. Excess and obsolete provisions may vary by product depending upon future potential use of the product.

*Intangible and Long-Lived Assets* — We review definite-lived intangible and long-lived assets for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. If an indicator exists, a determination is made by management to ascertain whether property and equipment and certain definite-lived intangibles are recoverable based on the sum of expected future undiscounted cash flows from operating activities. Determining the fair value of these assets is judgmental in nature and involves the use of significant estimates and assumptions. If the estimated undiscounted net cash flows are less than the carrying amount of such assets, we will recognize an impairment loss in an amount necessary to write down the assets to fair value as determined from expected discounted future cash flows. We base our fair value estimates on assumptions we believe to be reasonable, but that are inherently uncertain.

For further information on our goodwill and intangible asset impairment, see Notes 2 and 10 to our consolidated financial statements in Item 8 in this Annual Report on Form 10-K.

*Income Taxes* — As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. In addition, tax expense includes the impact of differing treatment of items for tax and accounting purposes which results in deferred tax assets and liabilities which are included in our consolidated balance sheet. To the extent that recovery of deferred tax assets is not likely, we must establish a valuation allowance. Significant judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. As of December 31, 2011, we determined that a valuation allowance of \$69.4 million was needed against our deferred tax assets. This amount represents our total net deferred assets less deferred assets in certain state and international jurisdictions that do not have a multiple year cumulative loss. Where we have a multiple year cumulative loss, we believe that it is appropriate to establish a valuation allowance. In the event that our actual results differ from our estimates or we adjust these estimates in future periods, the effects of these adjustments could materially impact our financial position and results of operations. As of December 31, 2011, our net deferred tax asset position is approximately \$1.0 million in our financials. The net deferred tax asset as of December 31, 2010 was approximately \$29 thousand.

*Warranty Reserves* — We are subjected to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers continue to require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which we supplied products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products, when the product supplied did not perform as represented. Our policy is

to reserve for estimated future customer warranty costs based on historical trends and current economic factors. The amount of such estimates for warranty liability was approximately \$2.8 million, \$2.7 million and \$3.1 million at December 31, 2011, 2010 and 2009, respectively.

*Pension and Other Post-Retirement Benefit Plans* — We sponsor pension and other post-retirement benefit plans that cover certain hourly and salaried employees in the U.S. and United Kingdom. Our policy is to make annual contributions to the plans to fund the normal cost as required by local regulations. In addition, we have another post-retirement benefit plan for certain U.S. operations, retirees and their dependents.

#### Our Assumptions

The determination of pension and other post-retirement benefit plan obligations and related expenses requires the use of assumptions to estimate the amount of the benefits that employees earn while working, as well as the present value of those benefits. Our assumptions are determined based on current market conditions, historical information and consultation with and input from third-party actuaries. Due to the significant management judgment involved, our assumptions could have a material impact on the measurement of our pension and other post-retirement benefit expenses and obligations.

Significant assumptions used to measure our annual pension and other post-retirement benefit expenses include:

- discount rate;
- expected return on plan assets; and
- health care cost trend rates.

*Discount Rate* — The discount rate represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the pension and other post-retirement benefit obligations. In estimating this rate, we consider rates of return on high quality fixed-income investments included in various published bond indexes. We consider the Citigroup Pension Discount Curve and the Barclay’s Capital Non-Gilt AA Rated Sterling Bond Index in the determination of the appropriate discount rate assumptions. The weighted average rate we used to measure our pension obligation as of December 31, 2011 was 4.2% for the U.S. and 4.9% for the non-U.S pension plans.

*Expected Long-Term Rate of Return* — The expected return on pension plan assets is based on our historical experience, our pension plan investment strategy and our expectations for long-term rates of return. Our pension plan investment strategy is reviewed annually and is established based upon plan liabilities, an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. We use a third-party advisor to assist us in determining our investment allocation and modeling our long-term rate of return assumptions. For 2011 and 2010, we assumed an expected long-term rate of return on plan assets of 7.5% for the U.S. pension plans and 6.5% for the non-U.S. pension plans, respectively.

Changes in the discount rate and expected long-term rate of return on plan assets within the range indicated below would have had the following impact on 2011 pension and other post-retirement benefits results (in thousands):

	<u>1 Percentage Point Increase</u>	<u>1 Percentage Point Decrease</u>
(Decrease) increase due to change in assumptions used to determine net periodic benefit costs for the year ended December 31, 2011:		
Discount rate .....	\$ (165)	\$ 213
Expected long-term rate of return on plan assets .....	\$ (535)	\$ 537
(Decrease) increase due to change in assumptions used to determine benefit obligations for the year ended December 31, 2011:		
Discount rate .....	\$(10,883)	\$13,825



*Health Care Cost Trend Rates* — The health care cost trend rates represent the annual rates of change in the cost of health care benefits based on estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances and changes in the health status of the plan participants. For measurement purposes, a 7.5% and 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2011 and 2010, respectively. The rate was assumed to decrease gradually to 5.0% through 2017 and remain constant thereafter. Assumed health care cost trend rates can have a significant effect on the amounts reported for other post-retirement benefit plans.

Differences in the ultimate health care cost trend rates within the range indicated below would have had the following impact on 2011 other post-retirement benefit results (in thousands):

	<u>1 Percentage Point Increase</u>	<u>1 Percentage Point Decrease</u>
Increase (Decrease) from change in health care cost trend rates		
Other post-retirement benefit expense .....	\$11	\$(10)
Other post-retirement benefit liability .....	\$44	\$(42)

### Recently Issued Accounting Pronouncements

See Note 2 to our consolidated financial statements in Item 8 in this Annual Report on Form 10-K for a description of recently issued and/or adopted accounting pronouncements.

### Results of Operations

The table below sets forth certain operating data expressed as a percentage of revenues for the periods indicated:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues .....	100.0%	100.0%	100.0%
Cost of revenues .....	<u>86.1</u>	<u>87.5</u>	<u>97.9</u>
Gross profit .....	13.9	12.5	2.1
Selling, general and administrative expenses .....	7.9	9.4	10.4
Amortization expense .....	—	—	0.1
Goodwill and intangible asset impairment .....	—	—	6.6
Long-lived asset impairment .....	—	—	3.8
Restructuring costs .....	<u>0.1</u>	<u>0.3</u>	<u>0.8</u>
Operating income (loss) .....	5.9	2.8	(19.6)
Other income .....	—	(0.8)	(2.4)
Interest expense .....	2.4	2.8	3.3
Loss on early extinguishment of debt .....	0.9	—	0.3
Expense relating to debt exchange .....	<u>—</u>	<u>—</u>	<u>0.6</u>
Income (loss) before income taxes .....	2.6	0.8	(21.4)
Provision (benefit) for income taxes .....	<u>0.4</u>	<u>(0.3)</u>	<u>(3.6)</u>
Net income (loss) .....	2.2	1.1	(17.8)
Less: Non-controlling interest in subsidiary's earnings .....	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss) attributable to common stockholders .....	2.2%	1.1%	(17.8)%

## Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

*Revenues.* Revenues increased \$234.2 million, or 39.2%, to \$832.0 million for the year ended December 31, 2011 from \$597.8 million for the year ended December 31, 2010. This change resulted primarily from:

- a 66% increase in North American heavy-duty (class 8) truck production, fluctuations in production levels for other North American end markets and net new business awards resulting in approximately \$167.7 million of increased revenues;
- acquisition related revenues of approximately \$37.0 million for Bostrom, which we acquired in January 2011, and Stratos, which we acquired in July 2011;
- increase in production levels due to higher demand in our European, Australian and Asian markets resulting in approximately \$19.8 million of increased revenues; and
- favorable foreign exchange fluctuations from the translation of our foreign operations into U.S. Dollars resulting in an increase of approximately \$9.7 million of revenues.

*Gross Profit.* Gross profit increased \$40.8 million to \$115.6 million for the year ended December 31, 2011 from \$74.8 million for the year ended December 31, 2010. As a percentage of revenues, gross profit increased to 13.9% for the year ended December 31, 2011 from 12.5% for the year ended December 31, 2010. This increase resulted primarily from increased revenues from the prior year period as well as our continued focus on operating improvements and leveraging our fixed costs.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased \$9.4 million, or 16.8%, to \$65.5 million for the year ended December 31, 2011 from \$56.1 million for the year ended December 31, 2010. The increase resulted primarily from increased wages and benefits and increased travel and development costs to support new product initiatives and future programs.

*Amortization Expense.* Amortization expense increased to approximately \$0.3 million for the year ended December 31, 2011 from approximately \$0.2 million for the year ended December 31, 2010. This increase was primarily the result of the increase of our definite-lived intangible assets relating to trademarks/tradenames from our acquisitions of Bostrom Seating and Stratos in the year ended December 31, 2011.

*Restructuring Costs.* We recorded restructuring charges for the year ended December 31, 2011 of \$0.7 million relating to the closure of certain manufacturing, warehousing and assembly facilities. We recorded restructuring charges for the year ended December 31, 2010 of \$1.7 million relating to the closure of certain manufacturing, warehousing and assembly facilities.

*Other (Income) Expense.* We use forward exchange contracts to hedge foreign currency transaction exposures. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion or all of the anticipated long or short position. All existing forward foreign exchange contracts have been marked-to-market and the fair value of contracts recorded in the consolidated balance sheets with the offsetting non-cash gain or loss recorded in our consolidated statements of operations. The \$0.4 million of expense for the year ended December 31, 2011 and the \$4.8 million of income for the year ended December 31, 2010 are primarily related to the noncash change in value of the forward exchange contracts in existence at the end of each period.

*Interest Expense.* Interest expense increased \$2.8 million to \$19.6 million for the year ended December 31, 2011 from \$16.8 million for the year ended December 31, 2010. This increase was primarily the result of higher average outstanding debt obligations resulting from the issuance of our \$250.0 million of 7.875% notes.

*Loss on Early Extinguishment of Debt.* In connection with the issuance of our 7.875% notes, we expensed approximately \$7.4 million of fees consisting of \$1.2 million write-off of deferred financing fees relating to our prior debt and \$6.2 million of prepayment penalties relating to the prepayment of our prior debt. We did not record an expense relating to the modification of our debt arrangements for the year ended December 31, 2010.

*Provision (Benefit) for Income Taxes.* Our provision for income taxes increased \$4.9 million to a provision of \$3.1 million for the year ended December 31, 2011, compared to an income tax benefit of \$1.8 million for the year ended December 31, 2010. The effective tax rate for the year ended December 31, 2011 was 14.3%. This rate is lower than the federal statutory rate of 35% primarily due to the mix of income between United States and non-U.S. locations, the incremental impact from discrete items during the period, as well as valuation allowances against our deferred tax assets. For additional information regarding the deviation from statutory income tax rates, refer to “Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 11 — Income Taxes.”

*Net Income.* Net income increased \$12.1 million to \$18.6 million compared to \$6.5 million for the year ended December 31, 2010, primarily as a result of the factors discussed above.

*Net Income Attributable to Common Stockholders.* Net income increased \$12.1 million to \$18.6 million compared to \$6.5 million for the year ended December 31, 2010, primarily as a result of the factors discussed above.

#### **Year Ended December 31, 2010 Compared to Year Ended December 31, 2009**

*Revenues.* Revenues increased \$139.2 million, or 30.4%, to \$597.8 million for the year ended December 31, 2010 from \$458.6 million for the year ended December 31, 2009. This change resulted primarily from:

- a 30% increase in North American heavy-duty (class 8) truck production, fluctuations in production levels for other North American end markets and net new business awards resulting in approximately \$67.8 million of increased revenues;
- increase in production levels due to higher global demand in our European, Australian and Asian markets resulting in approximately \$73.8 million of increased revenues; and
- unfavorable foreign exchange fluctuations from the translation of our foreign operations into U.S. Dollars resulting in a decrease of approximately \$2.4 million of revenues.

*Gross Profit.* Gross profit increased \$65.1 million to \$74.8 million for the year ended December 31, 2010 from \$9.7 million for the year ended December 31, 2009. As a percentage of revenues, gross profit increased to 12.5% for the year ended December 31, 2010 from 2.1% for the year ended December 31, 2009. This increase resulted primarily from increased revenues, material cost reductions, labor efficiencies and staffing reductions and reductions in fixed costs from the closure of certain manufacturing and assembly facilities.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased \$8.2 million, or 17.2%, to \$56.1 million for the year ended December 31, 2010 from \$47.9 million for the year ended December 31, 2009. The increase resulted primarily from resumption of our incentive compensation program for 2010 and increased travel and development costs to support new product initiatives and future programs.

*Amortization Expense.* Amortization expense decreased to approximately \$0.2 million for the year ended December 31, 2010 from approximately \$0.4 million for the year ended December 31, 2009. This decrease was primarily the result of the impairment of our definite-lived intangible assets relating to trademarks/tradenames in the year ended December 31, 2009.

*Goodwill and Intangible Asset Impairment.* In 2009, we determined that the significant declines in economic and industry conditions and the closure of our Norwalk, Ohio facility were impairment indicators. As a

result, we recorded impairments of approximately \$26.0 million of indefinite-lived intangible assets relating to customer relationships and approximately \$4.1 million of definite-lived intangible assets relating to trademarks/tradenames. We did not record any impairments for the year ended December 31, 2010.

*Long-Lived Asset Impairment.* In 2009, we determined that the significant declines in economic and industry conditions and the closure of our Norwalk, Ohio facility were impairment indicators. As a result, we recorded impairments of approximately \$17.3 million as the carrying value of assets exceeded their estimated fair value. We did not record any impairments for the year ended December 31, 2010.

*Restructuring Charges.* We recorded restructuring charges for the year ended December 31, 2010 of \$1.7 million relating to the closure of certain manufacturing, warehousing and assembly facilities. We recorded restructuring charges for the year ended December 31, 2009 of \$3.7 million relating to a reduction in our workforce and the closure of certain manufacturing, warehousing and assembly facilities.

*Other Income.* We use forward exchange contracts to hedge foreign currency transaction exposures related primarily to our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion or all of the anticipated long or short position. All existing forward foreign exchange contracts have been marked-to-market and the fair value of contracts recorded in the consolidated balance sheets with the offsetting non-cash gain or loss recorded in our consolidated statements of operations. The \$4.8 million of income for the year ended December 31, 2010 and the \$11.1 million of income for the year ended December 31, 2009 are primarily related to the noncash change in value of the forward exchange contracts in existence at the end of each period.

*Interest Expense.* Interest expense increased \$1.7 million to \$16.8 million for the year ended December 31, 2010 from \$15.1 million for the year ended December 31, 2009. This increase was primarily the result of higher average interest rates on our second lien term loan and third lien notes, which we repaid in full on April 26, 2011.

*Loss on Early Extinguishment of Debt.* In connection with entering into our revolving credit facility on January 7, 2009, we expensed approximately \$0.8 million of fees relating to the prior senior credit agreement. In connection with entering into an amendment to our revolving credit facility on August 4, 2009, we recorded approximately \$0.5 million in expense related to the write-off of previously deferred financing fees.

*Expense Relating to Debt Exchange.* In connection with the private exchange of a portion of our 8% senior notes and the issuance of a new secured second lien term loan, we recorded approximately \$2.9 million in third party fees relating to the modification of our debt arrangements during the year ended December 31, 2009.

*Benefit for Income Taxes.* Our benefit for income taxes decreased \$14.5 million to a benefit of \$1.8 million for the year ended December 31, 2010, compared to an income tax benefit of \$16.3 million for the year ended December 31, 2009. Although we had pretax income for the period ended December 31, 2010, the \$1.8 million tax benefit is primarily due to the release of certain tax reserves related to the closure of prior year tax years, enacted tax credits, tax benefits booked in foreign jurisdictions, as well as valuation allowances against our deferred tax assets. The overall tax provision is significantly driven by income generated by our non-U.S. locations, which are not currently subject to valuation allowances such as China and Australia. Their tax rates are generally lower than the federal statutory rates of 35%. Except for China, Australia and several state jurisdictions, tax provision from our other companies is offset by valuation allowances.

*Net Income.* Net income increased \$88.0 million to \$6.5 million compared to a loss of \$81.5 million for the year ended December 31, 2009, primarily as a result of the factors discussed above.

## **Liquidity and Capital Resources**

### ***Cash Flows***

For the year ended December 31, 2011, cash provided by operations was approximately \$7.8 million compared to approximately \$17.6 million in the year ended December 31, 2010. This decrease was primarily the result of increases in accounts receivable and the change in prepaid expenses primarily resulting from our tax refund of approximately \$21 million in 2010. Cash provided by operations in the year ended December 31, 2009 was approximately \$18.2 million.

Net cash used in investing activities was approximately \$32.4 million for the year ended December 31, 2011 compared to approximately \$10.0 million for the year ended December 31, 2010 and approximately \$7.7 million for the year ended December 31, 2009. The amounts used in the year ended December 31, 2011, primarily related to capital expenditure purchases related to upgrades, replacements or new equipment, machinery and tooling and our acquisition of Bostrom and Stratos. The amounts used in the years ended December 31, 2010 and 2009 primarily related to capital expenditure purchases related to upgrades, replacements or new equipment, machinery and tooling. Capital expenditures for 2012 are expected to be approximately \$28.0 million.

Net cash provided by financing activities totaled approximately \$70.9 million for the year ended December 31, 2011, compared to approximately \$24.7 million for the year ended December 31, 2010, compared to net cash used of approximately \$5.6 million in the year ended December 31, 2009. The net cash provided by financing activities for the year ended December 31, 2011 was primarily related to the net proceeds from the issuance of our 7.875% notes as part of our debt refinancing. The net cash provided by financing activities for the year ended December 31, 2010 was primarily related to proceeds from the issuance of stock in an offering in March 2010. The net cash used in financing activities for the year ended December 31, 2009 was primarily related to repayments under our revolving credit facility, which was partially offset by proceeds from the issuance of our second lien term loan.

### ***Debt and Credit Facilities***

As of December 31, 2011, our outstanding indebtedness consisted of an aggregate of \$250.0 million of 7.875% notes due 2019 (the "7.875% notes"), excluding \$2.7 million of outstanding letters of credit under various financing arrangements and an additional \$37.3 million of borrowing capacity under our revolving credit facility, which is subject to an availability block.

#### Revolving Credit Facility

On January 7, 2009, we and certain of our direct and indirect U.S. subsidiaries, as borrowers (the "borrowers"), entered into a loan and security agreement with Bank of America, N.A., as agent and lender, which provided for a three-year asset-based revolving credit facility (as amended, the "revolving credit facility") with an aggregate principal amount of up to \$37.5 million (after giving effect to a second amendment to our loan and security agreement entered into on August 4, 2009), which was subject to an availability block. On April 26, 2011, we entered into an amendment and restatement to the loan and security agreement governing the revolving credit facility (as so amended and restated, the "Loan and Security Agreement") which, among other things, extended the maturity of the revolving credit facility to April 26, 2014, increased the revolving commitment to \$40.0 million and revised the availability block to equal the amount of debt Bank of America, N.A. or its affiliates makes available to the Company's foreign subsidiaries. As of December 31, 2011, the availability block was \$0. Up to an aggregate of \$10.0 million is available to the borrowers for the issuance of letters of credit, which reduces availability under the revolving credit facility.

In connection with the amendment and restatement of the Loan and Security Agreement on April 26, 2011, we issued \$250.0 million aggregate principal amount of 7.875% notes pursuant to a new indenture (as discussed below). We used the net proceeds from the offering of the 7.875% notes to repay all outstanding indebtedness under our loan and security agreement, dated as of August 24, 2009, to fund the repurchase of approximately \$94.9 million of our 8% Senior Notes due 2013 (the "8% notes") and approximately \$48.0 million of our 11%/13% Third Lien Senior Secured Notes due 2013 (the "third lien notes") and to pay related fees and expenses.



As of December 31, 2011, approximately \$6.8 million in deferred fees relating to the revolving credit facility and our 7.875% notes were being amortized over the life of the agreements.

Under the revolving credit facility, borrowings bear interest at various rates plus a margin based on certain financial ratios. The borrowers' obligations under the revolving credit facility are secured by a first-priority lien (subject to certain permitted liens) on substantially all of the tangible and intangible assets of the borrowers, as well as 100% of the capital stock of the direct domestic subsidiaries of each borrower and 65% of the capital stock of each foreign subsidiary directly owned by a borrower. Each of CVG and each other borrower is jointly and severally liable for the obligations under the revolving credit facility and unconditionally guarantees the prompt payment and performance thereof.

The applicable margin for borrowings under the revolving credit facility is based upon the fixed charge coverage ratio for the most recently ended fiscal quarter, as follows:

<u>Level</u>	<u>Ratio</u>	<u>Domestic Base Rate Loans</u>	<u>LIBOR Revolver Loans</u>
III	≤ 1.25 to 1.00	1.50%	2.50%
II	≥ 1.25 to 1.00 but < 1.75 to 1.00	1.25%	2.25%
I	≥ 1.75 to 1.00	1.00%	2.00%

The applicable margin shall be subject to increase or decrease following receipt by the agent of the financial statements and corresponding compliance certificate for each fiscal quarter. If the financial statements or corresponding compliance certificate are not timely delivered, then the highest rate shall be applicable until the first day of the calendar month following actual receipt. Until receipt by the agent of the financial statements and corresponding compliance certificate for the fiscal quarter ending December 30, 2011, the applicable margin was set at Level II based on our September 30, 2011 financial statements and compliance certificate.

We pay a commitment fee to the lenders, which is calculated at a rate per annum based on a percentage of the difference between committed amounts and amounts actually borrowed under the revolving credit facility multiplied by an applicable margin. The commitment fee is payable quarterly in arrears. Currently, the unused commitment fees is (i) .500% per annum times the unused commitment during any fiscal quarter in which the aggregate average daily unused commitment is equal to or greater than 50% of the revolver commitments or (ii) .375% per annum times the unused commitment during any fiscal quarter in which the aggregate average daily unused commitment is less than 50% of the revolver commitments.

#### *Terms, Covenants and Compliance Status*

The Loan and Security Agreement requires the maintenance of a minimum fixed charge coverage ratio calculated based upon consolidated EBITDA (as defined in the revolving credit facility) as of the last day of each of our fiscal quarters. We are not required to comply with the fixed charge coverage ratio requirement for as long as we maintain at least \$10.0 million of borrowing availability under the revolving credit facility. If borrowing availability is less than \$10.0 million at any time, we would be required to comply with a fixed charge coverage ratio of 1.1:1.0 as of the end of any fiscal quarter, and would be required to continue to comply with these requirements until we have borrowing availability of \$10.0 million or greater for 60 consecutive days.

Because we had borrowing availability in excess of \$10.0 million during the quarter ended December 31, 2011, we were not required to comply with the fixed charge coverage ratio during the quarter ended December 31, 2011.

The Loan and Security Agreement contains customary restrictive covenants, including, without limitation, limitations on the ability of the borrowers and their subsidiaries to incur additional debt and guarantees; grant liens on assets; make investments or acquisitions; dispose of assets; make payments on certain indebtedness; merge, combine with any other person or liquidate; amend organizational documents; file consolidated tax

returns with entities other than other borrowers or their subsidiaries; make material changes in accounting treatment or reporting practices; enter into restrictive agreements; enter into hedging agreements; engage in transactions with affiliates; enter into certain employee benefit plans; amend subordinated debt or the indenture governing the 7.875% notes; and other matters customarily restricted in loan agreements. In addition, subject to certain exceptions, the revolving credit facility does not permit the borrowers and their subsidiaries to pay dividends or make other distributions on any equity interests or to purchase or redeem any equity interests other than: (i) upstream payments to a borrower or a subsidiary of a borrower, (ii) the cashless exercise of options and warrants, (iii) the retirement of fractional shares and (iv) repurchases of equity interests deemed to occur in connection with the surrender of shares of equity interests to satisfy tax withholding obligations, subject to certain limitations. The revolving credit facility also contains customary reporting and other affirmative covenants. We were in compliance with these covenants as of December 31, 2011.

The Loan and Security Agreement contains customary events of default, including, without limitation, nonpayment of obligations under the revolving credit facility when due; material inaccuracy of representations and warranties; violation of covenants in the Loan and Security Agreement and certain other documents executed in connection therewith; breach or default of agreements related to debt in excess of \$5.0 million that could result in acceleration of that debt; revocation or attempted revocation of guarantees; denial of the validity or enforceability of the loan documents or failure of the loan documents to be in full force and effect; certain judgments in excess of \$2.0 million; the inability of an obligor to conduct any material part of its business due to governmental intervention, loss of any material license, permit, lease or agreement necessary to the business; cessation of an obligor's business for a material period of time; impairment of collateral through condemnation proceedings; certain events of bankruptcy or insolvency; certain Employee Retirement Income Securities Act ("ERISA") events; and a change in control of CVG. Certain of the defaults are subject to exceptions, materiality qualifiers, grace periods and baskets customary for credit facilities of this type.

Voluntary prepayments of amounts outstanding under the revolving credit facility are permitted at any time, without premium or penalty.

The Loan and Security Agreement requires us to make mandatory prepayments with the proceeds of certain asset dispositions and upon the receipt of insurance or condemnation proceeds to the extent we do not use the proceeds for the purchase of assets useful in our business.

#### 7.875% Senior Secured Notes due 2019

The 7.875% notes were issued pursuant to an indenture, dated as of April 26, 2011 (the "7.875% Notes Indenture"), by and among CVG, certain of our subsidiaries party thereto, as guarantors (the "guarantors") and U.S. Bank National Association, as trustee. Interest is payable on the 7.875% notes on April 15 and October 15 of each year until their maturity date of April 15, 2019.

The 7.875% notes are senior secured obligations of CVG. Our obligations under the 7.875% notes are guaranteed by the guarantors. The obligations of CVG and the guarantors under the 7.875% notes are secured by a second-priority lien (subject to certain permitted liens) on substantially all of the property and assets of CVG and the guarantors, and a pledge of 100% of the capital stock of CVG's domestic subsidiaries and 65% of the voting capital stock of each foreign subsidiary directly owned by CVG and the guarantors. The liens, the security interests and all of the obligations of CVG and the guarantors and all provisions regarding remedies in an event of default are subject to an intercreditor agreement among CVG, certain of its subsidiaries, the agent for the revolving credit facility and the collateral agent for the 7.875% notes (the "Intercreditor Agreement").

The 7.875% Notes Indenture contains restrictive covenants, including, without limitation, limitations on our ability and the ability of our restricted subsidiaries to: incur additional debt; restrict dividends or other payments of subsidiaries; make investments; engage in transactions with affiliates; create liens on assets; engage in sale/leaseback transactions; and consolidate, merge or transfer all or substantially all of our assets and the assets of

our restricted subsidiaries. In addition, subject to certain exceptions, the 7.875% Notes Indenture does not permit us to pay dividends on, redeem or repurchase our capital stock or make other restricted payments unless certain conditions are met, including (i) no default under the 7.875% Notes Indenture has occurred and is continuing, (ii) we and our subsidiaries maintain a consolidated coverage ratio of 2.0 to 1.0 on a pro forma basis and (iii) the aggregate amount of the dividends or payments made under this restriction would not exceed 50% of consolidated net income from October 1, 2010 to the end of the most recent fiscal quarter (or, if consolidated net income for such period is a deficit, minus 100% of such deficit), plus cash proceeds received from certain issuances of capital stock, plus certain other amounts. These covenants are subject to important qualifications and exceptions set forth in the 7.875% Notes Indenture. We were in compliance with these covenants as of December 31, 2011.

The 7.875% Notes Indenture provides for events of default (subject in certain cases to customary grace and cure periods) which include, among others, nonpayment of principal or interest when due, breach of covenants or other agreements in the 7.875% Notes Indenture, defaults in payment of certain other indebtedness, certain events of bankruptcy or insolvency and certain defaults with respect to the security interests. Generally, if an event of default occurs, the trustee or the holders of at least 25% in principal amount of the then outstanding 7.875% notes may declare the principal of and accrued but unpaid interest on all of the 7.875% notes to be due and payable immediately. All provisions regarding remedies in an event of default are subject to the Intercreditor Agreement.

We may redeem the 7.875% notes, in whole or in part, at any time prior to April 15, 2014 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, plus the “make-whole” premium set forth in the 7.875% Notes Indenture. We may redeem the 7.875% notes, in whole or in part, at any time on or after April 15, 2014 at the redemption prices set forth in the 7.875% Notes Indenture, plus accrued and unpaid interest, if any, to the redemption date. Not more than once during each twelve-month period ending on April 15, 2012, April 15, 2013 and April 15, 2014, we may redeem up to \$25.0 million of the aggregate principal amount of the 7.875% notes at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time on or prior to April 15, 2014, on one or more occasions, we may redeem up to 35% of the aggregate principal amount of the 7.875% notes with the net proceeds of certain equity offerings, as described in the 7.875% Notes Indenture, at a redemption price equal to 107.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. If we experience certain change of control events, holders of the 7.875% notes may require us to repurchase all or part of their notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

### ***Covenants and Liquidity***

We continue to operate in a challenging economic environment, and our ability to comply with the covenants in the Loan and Security Agreement may be affected in the future by economic or business conditions beyond our control. Based on our current forecast, we believe that we will be able to maintain compliance with the fixed charge coverage ratio covenant, if applicable, and other covenants in the Loan and Security Agreement for the next twelve months; however, no assurances can be given that we will be able to comply. We base our forecasts on historical experience, industry forecasts and various other assumptions that we believe are reasonable under the circumstances. If actual results are substantially different than our current forecast, or if we do not realize a significant portion of our planned cost savings or sustain sufficient cash or borrowing availability, we could be required to comply with our financial covenants, and there is no assurance that we would be able to comply with such financial covenants. If we do not comply with the financial and other covenants in the Loan and Security Agreement, and we are unable to obtain necessary waivers or amendments from the lender, we would be precluded from borrowing under the Loan and Security Agreement, which could have a material adverse effect on our business, financial condition and liquidity. If we are unable to borrow under the Loan and Security Agreement, we will need to meet our capital requirements using other sources and alternative sources of liquidity may not be available on acceptable terms. In addition, if we do not comply with

the financial and other covenants in the Loan and Security Agreement, the lender could declare an event of default under the Loan and Security Agreement, and our indebtedness thereunder could be declared immediately due and payable, which would also result in an event of default under the 7.875% notes. Any of these events would have a material adverse effect on our business, financial condition and liquidity.

We believe that cash on hand, cash flow from operating activities together with available borrowings under the Loan and Security Agreement will be sufficient to fund currently anticipated working capital, planned capital spending, certain strategic initiatives and debt service requirements for at least the next 12 months. No assurance can be given, however, that this will be the case.

### Contractual Obligations and Commercial Commitments

The following table reflects our contractual obligations as of December 31, 2011:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(In thousands)				
Long-term debt obligations . . . . .	\$250,000	\$ —	\$ —	\$ —	\$250,000
Estimated interest payments . . . . .	159,798	20,016	39,922	39,977	59,883
Operating lease obligations . . . . .	44,939	11,181	15,961	7,749	10,048
Pension and other post-retirement funding . . . . .	42,294	3,212	7,084	7,673	24,325
Total . . . . .	<u>\$497,031</u>	<u>\$34,409</u>	<u>\$62,967</u>	<u>\$55,399</u>	<u>\$344,256</u>

We have recorded a liability of approximately \$0.4 million of unrecognized tax benefits, and we are uncertain as to if or when such amounts may be settled. Related to the unrecognized tax benefits not included in the table above, the Company has also recorded a liability for potential penalties of approximately \$0.1 million and interest of approximately \$0.4 million.

Since December 31, 2011, there have been no material changes outside the ordinary course of business to our contractual obligations as set forth above.

In addition to the obligations noted above, we have obligations reported as other long-term liabilities that consist primarily of long-term restructuring reserves, loss contracts and other items. We also enter into agreements with our customers at the beginning of a given platform's life to supply products for the entire life of that vehicle platform, which is typically five to seven years. These agreements generally provide for the supply of a customer's production requirements for a particular platform, rather than for the purchase of a specific quantity of products. Accordingly, our obligations under these agreements are not reflected in the contractual obligations table above.

As of December 31, 2011, we were not party to significant purchase obligations for goods or services.

### Off-Balance Sheet Arrangements

We use standby letters of credit to guarantee our performance under various contracts and arrangements, principally in connection with our workers' compensation liabilities and for leases on equipment and facilities. These letter of credit contracts are usually extended on a year-to-year basis. As of December 31, 2011, we had outstanding letters of credit of \$2.7 million. We do not believe that these letters of credit will be required to be drawn.

We currently have no non-consolidated special purpose entity arrangements.

## **Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

### **Interest Rate Risk**

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We do enter into financial instruments, from time to time, to manage and reduce the impact of changes in foreign currency exchange rates and interest rates and to hedge a portion of future anticipated currency transactions. The counterparties are primarily major financial institutions.

We manage our interest rate risk by balancing the amount of our fixed rate and variable rate debt. For fixed rate debt, interest rate changes affect the fair market value of such debt but do not impact earnings or cash flows. Conversely for variable rate debt, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. None of our debt was variable rate debt at December 31, 2011 and 2010. Holding other variables constant (such as foreign exchange rates and debt levels), a one percentage point change in interest rates would not have a material impact on pre-tax earnings and cash flows.

### ***Foreign Currency Risk***

Foreign currency risk is the risk that we will incur economic losses due to adverse changes in foreign currency exchange rates. We use forward exchange contracts to hedge certain of the foreign currency transaction exposures. We estimate our projected revenues and purchases in certain foreign currencies or locations, and will hedge a portion or all of the anticipated long or short position. The contracts typically run from one month up to eighteen months. All existing forward foreign exchange contracts have been marked-to-market and the fair value of contracts recorded in the consolidated balance sheets with the offsetting noncash gain or loss recorded in our consolidated statements of operations. We do not hold or issue foreign exchange options or forward contracts for trading purposes.

Outstanding foreign currency forward exchange contracts at December 31, 2011 are more fully described in the notes to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K. The fair value of our contracts at December 31, 2011 amounted to a liability of \$0.3 million, which is included in other accrued liabilities in our consolidated balance sheets. The fair value of our contracts at December 31, 2009 amounted to a liability of \$4.3 million, which includes \$0.1 million in other assets and \$4.4 million in other accrued liabilities in our consolidated balance sheets. None of these contracts have been designated as cash flow hedges; thus, the change in fair value at each reporting date is reflected as a noncash charge (income) in our consolidated statement of operations.

Our primary exposures to foreign currency exchange fluctuations are pound sterling, Euro, Japanese yen, Chinese renminbi, Czech koruna and Mexican peso. At December 31, 2011, the potential reduction in earnings from a hypothetical instantaneous 10% adverse change in quoted foreign currency spot rates applied to foreign currency sensitive instruments is limited by the assumption that all of the foreign currencies to which we are exposed would simultaneously decrease by 10% because such synchronized changes are unlikely to occur.

### ***Foreign Currency Transactions***

A portion of our revenues during the year ended December 31, 2011 were derived from manufacturing operations outside of the U.S. The results of operations and the financial position of our operations in these other countries are primarily measured in their respective currency and translated into U.S. dollars. A portion of the expenses generated in these countries is in currencies different from which revenue is generated. As discussed above, from time to time, we enter into forward exchange contracts to mitigate a portion of this currency risk. The reported income of these operations will be higher or lower depending on a weakening or strengthening of the U.S. dollar against the respective foreign currency.



A portion of our assets at December 31, 2011 are based in our foreign operations and are translated into U.S. dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders' investment. Accordingly, our stockholders' investment will fluctuate depending upon the weakening or strengthening of the U.S. dollar against the respective foreign currency.

***Effects of Inflation***

Inflation potentially affects us in two principal ways. First, a portion of our debt is tied to prevailing short-term interest rates that may change as a result of inflation rates, translating into changes in interest expense. Second, general inflation can impact material purchases, labor and other costs. In many cases, we have limited ability to pass through inflation-related cost increases due to the competitive nature of the markets that we serve. In the past few years, however, inflation has not been a significant factor.

**Item 8. *Financial Statements and Supplementary Data***

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Commercial Vehicle Group, Inc.

We have audited the accompanying consolidated balance sheets of Commercial Vehicle Group, Inc. and subsidiaries (the “Company”) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Commercial Vehicle Group, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 13, 2012 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Columbus, Ohio  
March 13, 2012

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2011 and 2010**

	2011	2010
	(In thousands, except share and per share amounts)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 87,955	\$ 42,591
Accounts receivable, net of reserve for doubtful accounts of \$3,867 and \$2,717, respectively .....	130,297	91,101
Inventories .....	79,423	66,622
Prepaid expenses and other .....	9,307	11,109
Total current assets .....	306,982	211,423
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings .....	29,223	24,781
Machinery and equipment .....	139,507	122,171
Construction in progress .....	17,345	9,514
Less accumulated depreciation .....	(109,403)	(97,145)
Property, plant and equipment, net .....	76,672	59,321
INTANGIBLE ASSETS, net of accumulated amortization of \$2,591 and \$2,245, respectively .....	7,315	3,848
OTHER ASSETS .....	15,915	11,615
<b>TOTAL ASSETS</b> .....	<b>\$ 406,884</b>	<b>\$ 286,207</b>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable .....	\$ 74,239	\$ 61,216
Accrued liabilities .....	38,960	34,130
Total current liabilities .....	113,199	95,346
LONG-TERM DEBT .....	250,000	164,987
PENSION AND OTHER POST-RETIREMENT BENEFITS .....	28,013	23,343
OTHER LONG-TERM LIABILITIES .....	2,897	2,643
Total liabilities .....	394,109	286,319
<b>COMMITMENTS AND CONTINGENCIES (Note 13)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock \$.01 par value; 5,000,000 shares authorized; no shares issued and outstanding; common stock \$.01 par value; 60,000,000 shares authorized; 28,170,929 and 27,756,759 shares issued and outstanding, respectively .....	285	280
Treasury stock purchased from employees; 426,870 and 285,208 shares, respectively .....	(4,059)	(2,851)
Additional paid-in capital .....	219,112	215,491
Retained loss .....	(174,754)	(193,359)
Accumulated other comprehensive loss .....	(27,818)	(19,673)
Total stockholders' equity (deficit) .....	12,766	(112)
Non-controlling interest .....	9	—
Total equity (deficit) .....	12,775	(112)
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b> .....	<b>\$ 406,884</b>	<b>\$ 286,207</b>

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

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**Years Ended December 31, 2011, 2010 and 2009**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	(In thousands, except share and per share amounts)		
REVENUES .....	\$832,022	\$597,779	\$458,569
COST OF REVENUES .....	716,430	522,982	448,912
Gross Profit .....	115,592	74,797	9,657
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES .....	65,521	56,111	47,874
AMORTIZATION EXPENSE .....	346	240	389
INTANGIBLE ASSET IMPAIRMENT .....	—	—	30,135
LONG-LIVED ASSET IMPAIRMENT .....	—	—	17,272
RESTRUCTURING COSTS .....	669	1,730	3,651
Operating Income (Loss) .....	49,056	16,716	(89,664)
OTHER EXPENSE (INCOME) .....	353	(4,780)	(11,119)
INTEREST EXPENSE .....	19,570	16,834	15,133
LOSS ON EARLY EXTINGUISHMENT OF DEBT .....	7,448	—	1,254
EXPENSE RELATING TO DEBT EXCHANGE .....	—	—	2,902
Income (Loss) Before Provision (Benefit) for Income Taxes .....	21,685	4,662	(97,834)
PROVISION (BENEFIT) FOR INCOME TAXES .....	3,095	(1,825)	(16,299)
NET INCOME (LOSS) .....	18,590	6,487	(81,535)
Less: Non-controlling interest in subsidiary's earnings .....	(15)	—	—
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS .....	<u>\$ 18,605</u>	<u>\$ 6,487</u>	<u>\$ (81,535)</u>
INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS:			
Basic .....	<u>\$ 0.67</u>	<u>\$ 0.25</u>	<u>\$ (3.74)</u>
Diluted .....	<u>\$ 0.66</u>	<u>\$ 0.24</u>	<u>\$ (3.74)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic .....	<u>27,848</u>	<u>26,247</u>	<u>21,811</u>
Diluted .....	<u>28,190</u>	<u>26,994</u>	<u>21,811</u>

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



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**Years Ended December 31, 2011, 2010 and 2009**

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accum. Deficit)	Accum. Other Comp. Loss	CVG Stockholders' Equity (Deficit)	Non-Controlling Interest	Total
	Shares	Amount							
(In thousands, except share data)									
BALANCE — December 31, 2008	21,746,415	\$217	\$ (455)	\$180,848	\$(118,311)	\$(18,357)	\$ 43,942	\$ —	\$ 43,942
Issuance of restricted stock	408,316	4	—	—	—	—	4	—	4
Surrender of common stock by employees	(84,200)	—	(635)	—	—	—	(635)	—	(635)
Share-based compensation expense	—	—	—	2,831	—	—	2,831	—	2,831
Issuance of stock warrants	—	—	—	2,561	—	—	2,561	—	2,561
Excess tax benefit — equity transactions	—	—	—	51	—	—	51	—	51
Comprehensive loss:									
Net loss	—	—	—	—	(81,535)	—	(81,535)	—	(81,535)
Foreign currency translation adjustment	—	—	—	—	—	150	150	—	150
Minimum pension liability adjustment, net of tax	—	—	—	—	—	(5,134)	(5,134)	—	(5,134)
Total comprehensive loss	—	—	—	—	—	—	(86,519)	—	(86,519)
BALANCE — December 31, 2009	22,070,531	\$221	\$(1,090)	\$186,291	\$(199,846)	\$(23,341)	\$(37,765)	\$ —	\$(37,765)
Exercise of common stock under stock option and equity incentive plan	203,565	2	—	1,124	—	—	1,126	—	1,126
Issuance of restricted stock	567,536	6	—	—	—	—	6	—	6
Surrender of common stock by employees	(154,534)	—	(1,761)	—	—	—	(1,761)	—	(1,761)
Public offering of common stock	4,370,000	44	—	25,315	—	—	25,359	—	25,359
Share-based compensation expense	—	—	—	2,768	—	—	2,768	—	2,768
Exercise of stock warrants	699,661	7	—	(7)	—	—	—	—	—
Comprehensive income:									
Net income	—	—	—	—	6,487	—	6,487	—	6,487
Foreign currency translation adjustment	—	—	—	—	—	212	212	—	212
Minimum pension liability adjustment, net of tax	—	—	—	—	—	3,456	3,456	—	3,456
Total comprehensive income	—	—	—	—	—	—	10,155	—	10,155
BALANCE — December 31, 2010	27,756,759	\$280	\$(2,851)	\$215,491	\$(193,359)	\$(19,673)	\$ (112)	\$ —	\$ (112)
Issuance of restricted stock	555,832	5	—	—	—	—	5	—	5
Surrender of common stock by employees	(141,662)	—	(1,208)	—	—	—	(1,208)	—	(1,208)
Share-based compensation expense	—	—	—	3,621	—	—	3,621	—	3,621
Comprehensive income:									
Net income (loss)	—	—	—	—	18,605	—	18,605	(15)	18,590
Foreign currency translation adjustment	—	—	—	—	—	(1,415)	(1,415)	(1)	(1,416)
Minimum pension liability adjustment, net of tax	—	—	—	—	—	(6,730)	(6,730)	—	(6,730)
Total comprehensive income (loss)	—	—	—	—	—	—	10,460	(16)	10,444
Non-controlling interests	—	—	—	—	—	—	—	25	25
BALANCE — December 31, 2011	28,170,929	\$285	\$(4,059)	\$219,112	\$(174,754)	\$(27,818)	\$ 12,766	\$ 9	\$ 12,775

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

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended December 31, 2011, 2010 and 2009**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	(In thousands)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss) attributable to common stockholders	\$ 18,605	\$ 6,487	\$(81,535)
Less: Non-controlling interest in subsidiary's earnings	(15)	—	—
Net income (loss)	\$ 18,590	\$ 6,487	\$(81,535)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	12,576	11,564	16,667
Provision for doubtful accounts	4,324	4,278	2,678
Noncash amortization of debt financing costs	1,254	1,514	1,448
Loss on early extinguishment of debt	7,448	—	1,254
Amortization of bond discount/premium, net	(345)	(1,226)	(550)
Paid-in-kind interest	—	3,569	2,263
Pension plan contributions	(2,860)	(1,977)	(1,735)
Shared-based compensation expense	3,621	2,782	2,831
Loss (gain) on sale of assets	326	(92)	713
Deferred income tax benefit	(1,004)	(29)	—
Noncash loss (gain) on forward exchange contracts	347	(4,334)	(10,965)
Goodwill and intangible asset impairment	—	—	30,135
Long-lived asset impairment	—	—	17,272
Change in other operating items:			
Accounts receivable	(39,844)	(21,730)	25,512
Inventories	(9,962)	(9,155)	34,462
Prepaid expenses	1,295	17,456	(5,606)
Accounts payable and accrued liabilities	11,826	6,291	(19,928)
Other operating activities, net	202	2,165	3,265
Net cash provided by operating activities	7,794	17,563	18,181
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(21,325)	(10,101)	(5,605)
Proceeds from disposal/sale of property, plant and equipment	63	102	54
Post-acquisition and acquisition payments, net of cash received	(11,114)	—	—
Other investing activities, net	—	44	(2,194)
Net cash used in investing activities	(32,376)	(9,955)	(7,745)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of common stock, net	—	25,359	—
Proceeds from issuance of common stock under equity incentive plans	5	1,132	4
Surrender of common stock by employees	(1,208)	(1,761)	(635)
Excess tax benefit from equity incentive plans	—	—	51
Repayment of revolving credit facility	—	—	(27,013)
Borrowings under revolving credit facility	—	—	12,213
Repayment of long-term debt	(170,929)	—	—
Borrowings of long-term debt	250,000	—	13,121
Payments on capital lease obligations	—	—	(94)
Debt issuance costs and other	(6,938)	—	(3,263)
Net cash provided by (used in) financing activities	70,930	24,730	(5,616)
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH	(984)	729	(2,606)
NET INCREASE IN CASH	45,364	33,067	2,214
<b>CASH:</b>			
Beginning of period	42,591	9,524	7,310
End of period	\$ 87,955	\$ 42,591	\$ 9,524
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash paid for interest	\$ 20,512	\$ 10,576	\$ 13,226
Cash paid (received) for income taxes, net	\$ 1,184	\$(20,873)	\$ (4,149)
Unpaid purchases of property and equipment included in accounts payable	\$ 966	\$ 544	\$ 535

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

## COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Years Ended December 31, 2011, 2010 and 2009

#### 1. Organization

Commercial Vehicle Group, Inc. and its subsidiaries (“CVG” or the “Company”) design and manufacture seat systems, interior trim systems (including instrument and door panels, headliners, cabinetry, molded products and floor systems), cab structures and components, mirrors, wiper systems, electronic wiring harness assemblies and controls and switches for the global commercial vehicle market, including the heavy-duty truck market, the construction, military, bus, agriculture and specialty transportation markets. We have facilities located in the U.S. in Alabama, Arizona, Indiana, Illinois, Iowa, Michigan, North Carolina, Ohio, Oregon, Tennessee and Virginia and outside of the U.S. in Australia, China, Czech Republic, Mexico, Ukraine and the United Kingdom.

#### 2. Significant Accounting Policies

*Principles of Consolidation* — The accompanying consolidated financial statements include the accounts of our wholly-owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

*Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from those estimates. Certain reclassifications have been made to prior year amounts to conform to current year presentation.

*Cash* — Cash consists of highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost, which approximates fair value.

*Accounts Receivable* — Trade accounts receivable are stated at current value less an allowance for doubtful accounts, which approximates fair value. This estimated allowance is based primarily on management’s evaluation of specific balances as the balances become past due, the financial condition of our customers and our historical experience of write-offs. If not reserved through specific identification procedures, our general policy for uncollectible accounts is to reserve at a certain percentage, based upon the aging categories of accounts receivable and our historical experience with write-offs. Past due status is based upon the due date of the original amounts outstanding. When items are ultimately deemed uncollectible, they are charged off against the reserve previously established in the allowance for doubtful accounts.

*Inventories* — We maintain our inventory for the manufacture of goods for sale to our customers. Inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. These categories are generally defined as follows: Raw Materials consist of materials that have been acquired and are available for the production cycle; Work in Process is composed of materials that have been moved into the production process and have some measurable amount of labor and overhead added; Finished Goods are materials with added labor and overhead that have completed the production cycle and are awaiting sale and delivery to customers.

Inventories are valued at the lower of first-in, first-out (“FIFO”) cost or market. Cost includes applicable material, labor and overhead. We value our finished goods inventory at a standard cost that is periodically adjusted to approximate actual cost. Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on our estimated production requirements driven by expected market volumes. Excess and obsolete provisions may vary by product depending upon future potential use of the product.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Property, Plant and Equipment* — Property, plant and equipment are stated at cost, net of accumulated depreciation. For financial reporting purposes, depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements .....	15 to 40 years
Machinery and equipment .....	3 to 20 years
Tools and dies .....	3 to 7 years
Computer hardware and software .....	3 to 5 years

Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for major betterments and renewals that extend the useful lives of property, plant and equipment are capitalized and depreciated over the remaining useful lives of the asset. When assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements or the term of the lease, whichever is shorter. Accelerated depreciation methods are used for tax reporting purposes.

We review long-lived assets for recoverability whenever events or changes in circumstances indicate that carrying amounts of an asset group may not be recoverable. Our asset groups are established by determining the lowest level of cash flows available. If the estimated undiscounted cash flows are less than the carrying amounts of such assets, we recognize an impairment loss in an amount necessary to write down the assets to fair value as estimated from expected future discounted cash flows. Estimating the fair value of these assets is judgmental in nature and involves the use of significant estimates and assumptions. We base our fair value estimates on assumptions we believe to be reasonable, but that are inherently uncertain.

Based upon the decline in expected revenue growth rates and operating margins used to estimate future cash flow resulting from the decline in North American Class 8 build rate from the prior year and lower demand in our construction markets, we determined that an impairment indicator existed for all of our asset groups during the second quarter of fiscal 2009. We reviewed the sum of expected future undiscounted cash flows from operating activities to determine if the estimated undiscounted net cash flows were less than the carrying amount of such assets. As a result, we performed an analysis to estimate the fair value of our long-lived assets for those asset groups that were not recoverable. We determined that the carrying value of the assets of approximately \$7.6 million exceeded their fair value of approximately \$4.2 million and recorded an impairment charge of approximately \$3.4 million.

Based upon the decline in expected revenue growth rates and operating margins used to estimate projected future cash flow resulting from the closure of our Norwalk, Ohio facility, the extended decline in production units in the Class 8 market and lower demand in our construction market, we determined that an impairment indicator existed for all of our asset groups during the fourth quarter of fiscal 2009. We reviewed the sum of expected future undiscounted cash flows from operating activities to determine if the estimated undiscounted net cash flows were less than the carrying amount of such assets. As a result, we performed an analysis to estimate the fair value of our long-lived assets for those asset groups that were not recoverable. We determined that the carrying value of the assets exceeded their fair value and recorded an impairment charge of approximately \$13.9 million for long-lived assets.

We did not record impairments in 2011 or 2010 relating to our long-lived assets.

*Intangible Assets — Definite-Lived* — We review definite-lived intangible assets for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. If the

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

estimated undiscounted cash flows are less than the carrying amount of such assets, we recognize an impairment loss in an amount necessary to write down the assets to fair value as estimated from expected future discounted cash flows. Estimating the fair value of these assets is judgmental in nature and involves the use of significant estimates and assumptions. We base our fair value estimates on assumptions we believe to be reasonable, but that are inherently uncertain.

See Note 10 for additional information on our intangible assets.

*Revenue Recognition* — We recognize revenue when 1) delivery has occurred or services have been rendered, 2) persuasive evidence of an arrangement exists, 3) there is a fixed or determinable price, and 4) collectability is reasonably assured. Our products are generally shipped from our facilities to our customers, which is when title passes to the customer for substantially all of our revenues.

Provisions for anticipated contract losses are recognized at the time they become evident. In that regard, in certain instances, we may be committed under existing agreements to supply product to our customers at selling prices that are not sufficient to cover the cost to produce such product. In such situations, we record a provision for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and are recorded at the minimum amount necessary to fulfill our obligations to our customers. We recorded approximately \$0.7 million as of December 31, 2011 and \$1.7 million as of December 31, 2010 for anticipated contract losses. These amounts, as they relate to the year ended December 31, 2011 and 2010 are included within accrued liabilities and other long-term liabilities in the accompanying consolidated balance sheets.

*Warranty* — We are subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers continue to require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which we supply products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products, when the product supplied did not perform as represented. Our policy is to record provisions for estimated future customer warranty costs based on historical trends and current economic factors. These amounts, as they relate to the years ended December 31, 2011 and 2010 are included within accrued expenses in the accompanying consolidated balance sheets. The following presents a summary of the warranty provision for the years ended December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Balance — Beginning of the year . . . . .	\$ 2,653	\$ 3,066
Additional acquisitions recorded . . . . .	297	—
Additional provisions recorded . . . . .	1,751	1,212
Deduction for payments made . . . . .	(1,929)	(1,620)
Currency translation adjustment . . . . .	<u>5</u>	<u>(5)</u>
Balance — End of year . . . . .	<u>\$ 2,777</u>	<u>\$ 2,653</u>

*Income Taxes* — We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax laws and rates. We recognize tax positions initially in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and all relevant facts.



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Comprehensive Loss* — Comprehensive loss reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive loss represents net loss adjusted for foreign currency translation adjustments and minimum pension liability adjustments. We disclose comprehensive loss in the consolidated statements of stockholders' deficit. The components of accumulated other comprehensive loss consisted of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Foreign currency translation adjustment .....	\$ (9,261)	\$ (7,846)
Minimum pension liability adjustment (net of tax of \$2,843 in 2011 and 2010) .....	(18,557)	(11,827)
	<u>\$ (27,818)</u>	<u>\$ (19,673)</u>

*Fair Value of Financial Instruments* — The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 — Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 — Significant unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

*Concentrations of Credit Risk* — Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash, cash equivalents and accounts receivable. We place our cash equivalents with high credit-quality financial institutions. We sell products to various companies throughout the world in the ordinary course of business. We routinely assess the financial strength of our customers and maintain allowances for anticipated losses. Customers that accounted for a significant portion of consolidated revenues for each of the three years ended December 31 were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
PACCAR .....	18%	12%	14%
Volvo/Mack .....	14	11	10
Daimler Trucks .....	13	11	9
Caterpillar .....	11	12	7
International (Navistar) .....	9	11	16
Deere & Co. ....	4	3	2

As of December 31, 2011 and 2010, receivables from these customers represented approximately 66% and 68% of total receivables, respectively.

*Foreign Currency Translation* — Our functional currency is the local currency. Accordingly, all assets and liabilities of our foreign subsidiaries are translated using exchange rates in effect at the end of the period and revenue and costs are translated using average exchange rates for the period. The related translation adjustments are reported in accumulated other comprehensive loss in stockholders' equity. Translation gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in the results of operations.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Foreign Currency Forward Exchange Contracts* — We use forward exchange contracts to hedge certain of the foreign currency transaction exposures. We estimate our projected revenues and purchases in certain foreign currencies or locations, and hedge a portion or all of the anticipated long or short position. The contracts typically run from one month up to eighteen months. All forward foreign exchange contracts have been marked-to-market and the fair value of contracts recorded in the consolidated balance sheets with the offsetting non-cash gain or loss recorded in our consolidated statements of operations. We do not hold or issue foreign exchange options or forward contracts for trading purposes.

*Recently Issued Accounting Pronouncements* — In December 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-29, “Disclosure of Supplementary Pro Forma Information for Business Combinations.” This ASU specifies that when a business combination occurs, the company must only disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. This ASU also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, non-recurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. This ASU is effective prospectively for business combinations in which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. This ASU did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, “Fair Value Measurement.” This ASU clarifies the concepts related to highest and best use and valuation premise, blockage factors and other premiums and discounts, the fair value measurement of financial instruments held in a portfolio and of those instruments classified as a component of stockholders’ equity. The guidance includes enhanced disclosure requirements about recurring Level 3 fair value measurements, the use of nonfinancial assets, and the level in the fair value hierarchy of assets and liabilities not recorded at fair value. The provisions of this ASU are effective prospectively for interim and annual periods beginning on or after December 15, 2011. Early application is prohibited. This ASU will not have a material impact on our consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, “Comprehensive Income.” This ASU intends to enhance comparability and transparency of other comprehensive income components. The guidance provides an option to present total comprehensive income, the components of net income and the components of other comprehensive income in a single continuous statement or two separate but consecutive statements. This ASU eliminates the option to present other comprehensive income components as part of the statement of changes in stockholders’ equity. The provisions of this ASU will be applied retrospectively for interim and annual periods beginning after December 15, 2011. Early application is permitted. We will adopt the provisions of this ASU during the first quarter of 2012.

### **3. Fair Value Measurement**

At December 31, 2011, our financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and our revolving credit facility. The carrying value of these instruments approximates fair value as a result of the short duration of such instruments or due to the variability of the interest cost associated with such instruments. The estimated fair value of our 7.875% notes due 2019 (the “7.875% notes”) at December 31, 2011, per quoted market sources, was approximately \$250.0 million with a carrying value of approximately \$250.0 million.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The fair values of our derivative assets and liabilities as of December 31 are categorized as follows (in thousands):

	2011				2010			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Derivative assets(1) . . . . .	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Derivative liabilities(1) . . . . .	\$348	\$ —	\$348	\$ —	\$ —	\$ —	\$ —	\$ —

(1) Based on observable market transactions of spot and forward rates.

Our derivative assets and liabilities represent foreign exchange contracts that are measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified as Level 2.

The following table summarizes the notional amount of our open foreign exchange contracts at December 31 (in thousands):

	2011		2010	
	U.S. \$ Equivalent	U.S. Equivalent Fair Value	U.S. \$ Equivalent	U.S. Equivalent Fair Value
Commitments to buy currencies:				
Mexican peso . . . . .	\$11,212	\$10,865	\$ —	\$ —

We consider the impact of our credit risk on the fair value of the contracts, as well as the ability to execute obligations under the contract.

The following table summarizes the fair value and presentation in the consolidated balance sheets for derivatives not designated as accounting hedges at December 31 (in thousands):

Asset Derivatives				
	2011		2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign exchange contracts . . . . .	Other assets	\$ 1	Other assets	\$ —

Liability Derivatives				
	2011		2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign exchange contracts . . . . .	Accrued liabilities	\$339	Accrued liabilities	\$ —
Foreign exchange contracts . . . . .	Other long-term liabilities	9	Other long-term liabilities	—
		<u>\$348</u>		<u>\$ —</u>

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes the effect of derivative instruments on the consolidated statements of operations for derivatives not designated as accounting hedges at December 31 (in thousands):

	<u>Location of (Loss) Gain Recognized in Income on Derivatives</u>	<u>2011 Amount of (Loss) Gain Recognized in Income on Derivatives</u>	<u>2010 Amount of (Loss) Gain Recognized in Income on Derivatives</u>
Foreign exchange contracts .....	Other (Expense) Income	\$(347)	\$4,334

The carrying amounts and fair values of our long-term debt at December 31 are as follows (in thousands):

	<u>2011</u>		<u>2010</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt .....	\$250,000	\$250,000	\$164,987	\$159,376

The following methods were used to estimate the fair value of each class of financial instruments:

*Long-term debt.* The fair value of long-term debt obligations is based on quoted market prices or on rates available on debt with similar terms and maturities.

There were no fair value measurements of our long-lived assets and definite-lived intangible assets measured on a non-recurring basis as of December 31, 2011 or 2010.

**4. Business Combinations**

On January 28, 2011, we acquired all of the assets and certain liabilities related to Bostrom Seating, Inc. (“Bostrom”) for cash consideration of approximately \$8.8 million (the “Bostrom acquisition”). Bostrom is a seat supplier to the North American heavy truck, aftermarket, bus and specialty vehicle markets. Bostrom has one owned manufacturing facility in Piedmont, Alabama. The acquisition of Bostrom further expands our North American presence in certain key end markets and enhances our overall aftermarket position.

On July 27, 2011, we acquired certain assets of Stratos Seating (“Stratos”) for cash consideration of approximately \$2.3 million (the “Stratos acquisition”). Stratos is a seat supplier to the Australian military, truck and specialty vehicle markets. Stratos is located in Wetherill Park, Sydney, Australia. The acquisition of Stratos expands our Australian presence in the military and truck markets and enhances our overall product offering with the addition of the unique Stratos suspension system and military seating products.

The operating results of Bostrom and Stratos have been included in our consolidated financial statements since the dates of acquisition. From the dates of acquisition through December 31, 2011, we recorded revenues of approximately \$35.1 million and \$1.9 million for Bostrom and Stratos, respectively, and net income of \$1.0 million and \$0.1 million, respectively. Acquisition related expenses for Bostrom and Stratos of approximately \$0.4 million and \$0.1 million, respectively, were incurred for the twelve months ended December 31, 2011 and have been recorded as selling, general and administrative expenses on our consolidated statements of operations.

The Bostrom and Stratos acquisitions were accounted for by the acquisition method of accounting. Under acquisition accounting, the total purchase price has been allocated to the tangible and intangible assets and liabilities of Bostrom and Stratos based upon their respective fair values. The purchase price and costs associated with the Bostrom and Stratos acquisitions exceeded the preliminary fair value of the net assets acquired by approximately \$3.2 million and \$1.4 million, respectively. Subsequent to the Bostrom acquisition, we reduced

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

the purchase price allocation for the Bostrom acquisition by approximately \$0.6 million relating to other post-acquisition adjustments. In connection with the allocation of the purchase price for Bostrom and Stratos, we recorded definite-lived intangible assets of approximately \$2.6 million and \$1.3 million, respectively, as shown in the following table (in thousands):

	<u>Bostrom</u>	<u>Stratos</u>
Purchase price, net of post-acquisition adjustment . . . . .	\$8,699	\$2,415
Net assets at fair value . . . . .	6,140	1,070
Excess of purchase price over net assets acquired . . . . .	<u>\$2,559</u>	<u>\$1,345</u>

The purchase price allocation for the Bostrom acquisition and the Stratos acquisition was as follows (in thousands):

	<u>Bostrom</u>	<u>Stratos</u>
Accounts receivable . . . . .	\$ 3,898	\$ —
Inventories . . . . .	2,274	840
Other current assets . . . . .	4	—
Property, plant and equipment . . . . .	4,960	437
Definite-lived intangible assets . . . . .	2,559	1,345
Current liabilities . . . . .	<u>(4,996)</u>	<u>(207)</u>
Contract purchase price . . . . .	<u>\$ 8,699</u>	<u>\$2,415</u>

The following pro forma information for the twelve months ended December 31, 2011 and 2010 presents the result of operations as if the acquisitions of Bostrom and Stratos had taken place at the beginning of the comparable prior annual reporting periods. The pro forma results are not necessarily indicative of the financial position or result of operations had the acquisitions taken place at the beginning of the periods. In addition, the pro forma results are not necessarily indicative of the future financial or operating results (in thousands, except per share data):

	<u>2011</u>	<u>2010</u>
	(Unaudited)	(Unaudited)
Revenue . . . . .	\$838,559	\$629,490
Operating income . . . . .	\$ 50,002	\$ 15,715
Net income . . . . .	\$ 19,536	\$ 5,484
Earnings Per Share Attributable to Common Stockholders:		
Basic . . . . .	\$ 0.70	\$ 0.21
Diluted . . . . .	\$ 0.69	\$ 0.20

On September 6, 2011, we entered into a joint venture (the “Joint Venture”) with Hema Engineering Industries Limited (“Hema”) for the production of seats and seating components for the India commercial vehicle market and for the supply of seats and components to our other global locations. We hold a 90% ownership and Hema holds a 10% ownership in the Joint Venture, which we deemed a voting interest entity. As a result, we consolidate the Joint Venture in our consolidated financial statements according to the voting model. Hema’s

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

shares (which represent the noncontrolling interests in the Joint Venture) are classified, measured and re-measured as temporary equity.

The Joint Venture provides a call option for CVG to buy out Hema's 10% equity interest at CVG's sole discretion pursuant to delivery of a 60 day written notice at a price per share equal to fair market value of each share. The fair market value shall be calculated as the average of the per share prices determined by two independent financial advisors (acting as valuation experts and not arbitrators), each of whom shall apply three valuation methods (i) income approach, (ii) market approach and (iii) asset/net book value approach, giving equal weight to each method to the per share values calculated. Under the Joint Venture, both CVG and Hema have rights for transferability of their respective shares in the form of a right of first refusal, tag along rights and drag along rights, and provides Hema a put option, the terms of which are similar to CVG's call option.

We expect to lease a production facility in the Delhi NCR (Gurgaon) region of India, where Hema has its existing manufacturing facilities. Hema will initially supply components to the Joint Venture. We have been awarded India truck seating business and expect to begin production of this business during 2012. We also expect to transfer existing business to the Joint Venture where it will be manufactured and supplied to other global CVG locations.

**5. Inventories**

Inventories consisted of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Raw materials . . . . .	\$53,740	\$46,194
Work in process . . . . .	15,921	12,477
Finished goods . . . . .	15,488	13,727
Less: excess and obsolete . . . . .	(5,726)	(5,776)
	<u>\$79,423</u>	<u>\$66,622</u>

**6. Other Assets**

Other assets consisted of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Long-term supply contracts . . . . .	\$ 5,978	\$ 6,995
Debt financing costs . . . . .	6,849	2,302
Deferred compensation . . . . .	2,515	1,991
Long-term tax receivable . . . . .	572	298
Other assets . . . . .	1	29
	<u>\$15,915</u>	<u>\$11,615</u>



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**7. Accrued Liabilities**

Accrued liabilities consisted of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Compensation and benefits .....	\$20,256	\$15,870
Interest .....	4,277	6,060
Warranty costs .....	2,777	2,653
Legal and professional fees .....	2,091	1,491
Loss contracts .....	493	648
Restructuring .....	149	1,014
Taxes payable .....	2,580	803
Other .....	6,337	5,591
	<u>\$38,960</u>	<u>\$34,130</u>

**8. Restructuring**

In 2009, we announced the following restructuring plans:

- A reduction in workforce and the closure of certain manufacturing, warehousing and assembly facilities. The facilities closed included an assembly and sequencing facility in Kent, Washington; seat sequencing and assembly facility in Statesville, North Carolina; manufacturing facility in Lake Oswego, Oregon; inventory and product warehouse in Concord, North Carolina; and seat assembly and distribution facility in Seneffs, Belgium. The decision to reduce our workforce was the result of the extended downturn of the global economy and, in particular, the commercial vehicle markets. We substantially completed these activities as of December 31, 2009.
- The closure of our Vancouver, Washington manufacturing facility. The decision to close the facility was the result of the extended downturn of the global economy and, in particular, the commercial vehicle markets. We substantially completed this closure as of December 31, 2009.
- The closure and consolidation of one of our facilities located in Liberec, Czech Republic and the closing of our Norwalk, Ohio truck cab assembly facility. The closure and consolidation of our Liberec, Czech Republic facility was a result of management's continued focus on reducing fixed costs and eliminating excess capacity. The closure of this facility was substantially completed as of December 31, 2009. The closure of our Norwalk, Ohio facility was a result of Navistar's decision to insource the cab assembly operations into its existing assembly facility in Escobedo, Mexico. We substantially completed the Norwalk closure as of September 30, 2010.

We estimate that we will record total cash expenditures for all of these restructurings of approximately \$6.6 million, consisting of approximately \$2.5 million of severance costs and \$4.1 million of facility closure costs. For the year ended December 31, 2011, we incurred charges of approximately \$0.1 million in employee related costs and \$0.6 million in facility closure costs. We have incurred cumulative restructuring charges of \$6.1 million consisting of approximately \$2.5 million of severance costs and \$3.6 million of facility closure costs as of December 31, 2011.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

A summary of the restructuring liability for the years ended December 31 is as follows (in thousands):

	2011			2010		
	Employee Costs	Facility Exit and Other Contractual Costs	Total	Employee Costs	Facility Exit and Other Contractual Costs	Total
Balance — Beginning of the year .....	\$ 101	\$ 1,362	\$ 1,463	\$ 337	\$ 1,454	\$ 1,791
Provisions .....	131	538	669	449	1,281	1,730
Utilizations .....	(231)	(1,475)	(1,706)	(685)	(1,322)	(2,007)
Currency .....	—	56	56	—	(51)	(51)
Balance — End of the year .....	<u>\$ 1</u>	<u>\$ 481</u>	<u>\$ 482</u>	<u>\$ 101</u>	<u>\$ 1,362</u>	<u>\$ 1,463</u>

**9. Debt**

Debt consisted of the following at December 31 (in thousands):

	2011	2010
8% senior notes due July 1, 2013 .....	\$ —	\$ 97,810
15% second lien term loan due November 1, 2012 (\$16,800 principal amount, net of \$3,042 of original issue discount) .....	—	13,758
11%/13% third lien senior secured notes due February 15, 2013 (\$42,124 principal amount and \$5,463 of issuance premium) .....	—	47,587
Paid-in-kind interest on 11%/13% third lien senior secured notes due February 15, 2013 .....	—	5,832
7.875% senior notes due April 15, 2019 .....	250,000	—
	<u>\$250,000</u>	<u>\$164,987</u>

Future maturities of debt as of December 31, 2011 are as follows (in thousands):

Year Ending December 31,	
2012 .....	—
2013 .....	—
2014 .....	—
2015 .....	—
2016 .....	—
Thereafter .....	250,000

Revolving Credit Facility

On January 7, 2009, we and certain of our direct and indirect U.S. subsidiaries, as borrowers (the “borrowers”), entered into a loan and security agreement with Bank of America, N.A., as agent and lender, which provided for a three-year asset-based revolving credit facility (as amended, the “revolving credit facility”) with an aggregate principal amount of up to \$37.5 million (after giving effect to a second amendment to our loan and security agreement entered into on August 4, 2009), which was subject to an availability block. On April 26, 2011, we entered into an amendment and restatement to the loan and security agreement governing the revolving

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

credit facility (as so amended and restated, the “Loan and Security Agreement”) which, among other things, extended the maturity of the revolving credit facility to April 26, 2014, increased the revolving commitment to \$40.0 million and revised the availability block to equal the amount of debt Bank of America, N.A. or its affiliates makes available to the Company’s foreign subsidiaries. As of December 31, 2011, the availability block was \$0. Up to an aggregate of \$10.0 million is available to the borrowers for the issuance of letters of credit, which reduces availability under the revolving credit facility.

In connection with the amendment and restatement of the Loan and Security Agreement on April 26, 2011, we issued \$250.0 million aggregate principal amount of 7.875% notes pursuant to a new indenture (as discussed below). We used the net proceeds from the offering of the 7.875% notes to repay all outstanding indebtedness under our loan and security agreement, dated as of August 24, 2009, to fund the repurchase of approximately \$94.9 million of our 8% Senior Notes due 2013 (the “8% notes”) and approximately \$48.0 million of our 11%/13% Third Lien Senior Secured Notes due 2013 (the “third lien notes”) and to pay related fees and expenses.

As of December 31, 2011, approximately \$6.8 million in deferred fees relating to the revolving credit facility and our 7.875% notes and were being amortized over the life of the agreements.

As of December 30, 2011, we did not have borrowings under the Loan and Security Agreement. In addition, as of December 30, 2011, we had outstanding letters of credit of approximately \$2.7 million and borrowing availability of \$37.3 million under the Loan and Security Agreement.

Under the revolving credit facility, borrowings bear interest at various rates plus a margin based on certain financial ratios. The borrowers’ obligations under the revolving credit facility are secured by a first-priority lien (subject to certain permitted liens) on substantially all of the tangible and intangible assets of the borrowers, as well as 100% of the capital stock of the direct domestic subsidiaries of each borrower and 65% of the capital stock of each foreign subsidiary directly owned by a borrower. Each of CVG and each other borrower is jointly and severally liable for the obligations under the revolving credit facility and unconditionally guarantees the prompt payment and performance thereof.

The applicable margin for borrowings under the revolving credit facility is based upon the fixed charge coverage ratio for the most recently ended fiscal quarter, as follows:

Level	Ratio	Domestic Base Rate Loans	LIBOR Revolver Loans
III	< 1.25 to 1.00	1.50%	2.50%
II	≥ 1.25 to 1.00 but < 1.75 to 1.00	1.25%	2.25%
I	≥ 1.75 to 1.00	1.00%	2.00%

The applicable margin shall be subject to increase or decrease following receipt by the agent of the financial statements and corresponding compliance certificate for each fiscal quarter. If the financial statements or corresponding compliance certificate are not timely delivered, then the highest rate shall be applicable until the first day of the calendar month following actual receipt. Until receipt by the agent of the financial statements and corresponding compliance certificate for the fiscal quarter ending December 30, 2011, the applicable margin was set at Level II based on our September 30, 2011 financial statements and compliance certificate.

We pay a commitment fee to the lenders, which is calculated at a rate per annum based on a percentage of the difference between committed amounts and amounts actually borrowed under the revolving credit facility multiplied by an applicable margin. The commitment fee is payable quarterly in arrears. Currently, the unused commitment fees is (i) .500% per annum times the unused commitment during any fiscal quarter in which the aggregate average daily unused commitment is equal to or greater than 50% of the revolver commitments or

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
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(ii) .375% per annum times the unused commitment during any fiscal quarter in which the aggregate average daily unused commitment is less than 50% of the revolver commitments.

*Terms, Covenants and Compliance Status*

The Loan and Security Agreement requires the maintenance of a minimum fixed charge coverage ratio calculated based upon consolidated EBITDA (as defined in the revolving credit facility) as of the last day of each of our fiscal quarters. We are not required to comply with the fixed charge coverage ratio requirement for as long as we maintain at least \$10.0 million of borrowing availability under the revolving credit facility. If borrowing availability is less than \$10.0 million at any time, we would be required to comply with a fixed charge coverage ratio of 1.1:1.0 as of the end of any fiscal quarter, and would be required to continue to comply with these requirements until we have borrowing availability of \$10.0 million or greater for 60 consecutive days.

Because we had borrowing availability in excess of \$10.0 million during the quarter ended December 31, 2011, we were not required to comply with the fixed charge coverage ratio during the quarter ended December 31, 2011.

The Loan and Security Agreement contains customary restrictive covenants, including, without limitation, limitations on the ability of the borrowers and their subsidiaries to incur additional debt and guarantees; grant liens on assets; make investments or acquisitions; dispose of assets; make payments on certain indebtedness; merge, combine with any other person or liquidate; amend organizational documents; file consolidated tax returns with entities other than other borrowers or their subsidiaries; make material changes in accounting treatment or reporting practices; enter into restrictive agreements; enter into hedging agreements; engage in transactions with affiliates; enter into certain employee benefit plans; amend subordinated debt or the indenture governing the 7.875% notes; and other matters customarily restricted in loan agreements. In addition, subject to certain exceptions, the revolving credit facility does not permit the borrowers and their subsidiaries to pay dividends or make other distributions on any equity interests or to purchase or redeem any equity interests other than: (i) upstream payments to a borrower or a subsidiary of a borrower, (ii) the cashless exercise of options and warrants, (iii) the retirement of fractional shares and (iv) repurchases of equity interests deemed to occur in connection with the surrender of shares of equity interests to satisfy tax withholding obligations, subject to certain limitations. The revolving credit facility also contains customary reporting and other affirmative covenants. We were in compliance with these covenants as of December 31, 2011.

The Loan and Security Agreement contains customary events of default, including, without limitation, nonpayment of obligations under the revolving credit facility when due; material inaccuracy of representations and warranties; violation of covenants in the Loan and Security Agreement and certain other documents executed in connection therewith; breach or default of agreements related to debt in excess of \$5.0 million that could result in acceleration of that debt; revocation or attempted revocation of guarantees; denial of the validity or enforceability of the loan documents or failure of the loan documents to be in full force and effect; certain judgments in excess of \$2.0 million; the inability of an obligor to conduct any material part of its business due to governmental intervention, loss of any material license, permit, lease or agreement necessary to the business; cessation of an obligor's business for a material period of time; impairment of collateral through condemnation proceedings; certain events of bankruptcy or insolvency; certain Employee Retirement Income Securities Act ("ERISA") events; and a change in control of CVG. Certain of the defaults are subject to exceptions, materiality qualifiers, grace periods and baskets customary for credit facilities of this type.

Voluntary prepayments of amounts outstanding under the revolving credit facility are permitted at any time, without premium or penalty.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Loan and Security Agreement requires us to make mandatory prepayments with the proceeds of certain asset dispositions and upon the receipt of insurance or condemnation proceeds to the extent we do not use the proceeds for the purchase of assets useful in our business.

We continue to operate in a challenging economic environment, and our ability to comply with the covenants in the Loan and Security Agreement may be affected in the future by economic or business conditions beyond our control. Based on our current forecast, we believe that we will be able to maintain compliance with the fixed charge coverage ratio covenant or the minimum availability requirement, if applicable, and other covenants in the Loan and Security Agreement for the next twelve months; however, no assurances can be given that we will be able to comply. We base our forecasts on historical experience, industry forecasts and various other assumptions that we believe are reasonable under the circumstances. If actual results are substantially different than our current forecast, or if we do not realize a significant portion of our planned cost savings or sustain sufficient cash or borrowing availability, we could be required to comply with our financial covenants, and there is no assurance that we would be able to comply with such financial covenants. If we do not comply with the financial and other covenants in the Loan and Security Agreement, and we are unable to obtain necessary waivers or amendments from the lender, we would be precluded from borrowing under the Loan and Security Agreement, which could have a material adverse effect on our business, financial condition and liquidity. If we are unable to borrow under the Loan and Security Agreement, we will need to meet our capital requirements using other sources and alternative sources of liquidity may not be available on acceptable terms. In addition, if we do not comply with the financial and other covenants in the Loan and Security Agreement, the lender could declare an event of default under the Loan and Security Agreement, and our indebtedness thereunder could be declared immediately due and payable, which would also result in an event of default under the 7.875% notes. Any of these events would have a material adverse effect on our business, financial condition and liquidity.

7.875% Senior Secured Notes due 2019

The 7.875% notes were issued pursuant to an indenture, dated as of April 26, 2011 (the “7.875% Notes Indenture”), by and among CVG, certain of our subsidiaries party thereto, as guarantors (the “guarantors”) and U.S. Bank National Association, as trustee. Interest is payable on the 7.875% notes on April 15 and October 15 of each year until their maturity date of April 15, 2019.

The 7.875% notes are senior secured obligations of CVG. Our obligations under the 7.875% notes are guaranteed by the guarantors. The obligations of CVG and the guarantors under the 7.875% notes are secured by a second-priority lien (subject to certain permitted liens) on substantially all of the property and assets of CVG and the guarantors, and a pledge of 100% of the capital stock of CVG’s domestic subsidiaries and 65% of the voting capital stock of each foreign subsidiary directly owned by CVG and the guarantors. The liens, the security interests and all of the obligations of CVG and the guarantors and all provisions regarding remedies in an event of default are subject to an intercreditor agreement among CVG, certain of its subsidiaries, the agent for the revolving credit facility and the collateral agent for the 7.875% notes (the “Intercreditor Agreement”).

The 7.875% Notes Indenture contains restrictive covenants, including, without limitation, limitations on our ability and the ability of our restricted subsidiaries to: incur additional debt; restrict dividends or other payments of subsidiaries; make investments; engage in transactions with affiliates; create liens on assets; engage in sale/leaseback transactions; and consolidate, merge or transfer all or substantially all of our assets and the assets of our restricted subsidiaries. In addition, subject to certain exceptions, the 7.875% Notes Indenture does not permit us to pay dividends on, redeem or repurchase our capital stock or make other restricted payments unless certain conditions are met, including (i) no default under the 7.875% Notes Indenture has occurred and is continuing, (ii) we and our subsidiaries maintain a consolidated coverage ratio of 2.0 to 1.0 on a pro forma basis and (iii) the

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
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aggregate amount of the dividends or payments made under this restriction would not exceed 50% of consolidated net income from October 1, 2010 to the end of the most recent fiscal quarter (or, if consolidated net income for such period is a deficit, minus 100% of such deficit), plus cash proceeds received from certain issuances of capital stock, plus certain other amounts. These covenants are subject to important qualifications and exceptions set forth in the 7.875% Notes Indenture. We were in compliance with these covenants as of December 31, 2011.

The 7.875% Notes Indenture provides for events of default (subject in certain cases to customary grace and cure periods) which include, among others, nonpayment of principal or interest when due, breach of covenants or other agreements in the 7.875% Notes Indenture, defaults in payment of certain other indebtedness, certain events of bankruptcy or insolvency and certain defaults with respect to the security interests. Generally, if an event of default occurs, the trustee or the holders of at least 25% in principal amount of the then outstanding 7.875% notes may declare the principal of and accrued but unpaid interest on all of the 7.875% notes to be due and payable immediately. All provisions regarding remedies in an event of default are subject to the Intercreditor Agreement.

We may redeem the 7.875% notes, in whole or in part, at any time prior to April 15, 2014 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, plus the “make-whole” premium set forth in the 7.875% Notes Indenture. We may redeem the 7.875% notes, in whole or in part, at any time on or after April 15, 2014 at the redemption prices set forth in the 7.875% Notes Indenture, plus accrued and unpaid interest, if any, to the redemption date. Not more than once during each twelve-month period ending on April 15, 2012, April 15, 2013 and April 15, 2014, we may redeem up to \$25.0 million of the aggregate principal amount of the 7.875% notes at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time on or prior to April 15, 2014, on one or more occasions, we may redeem up to 35% of the aggregate principal amount of the 7.875% notes with the net proceeds of certain equity offerings, as described in the 7.875% Notes Indenture, at a redemption price equal to 107.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. If we experience certain change of control events, holders of the 7.875% notes may require us to repurchase all or part of their notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

**10. Intangible Assets**

*Definite-lived Intangibles*

Our definite-lived intangible assets as of December 31 were comprised of the following (in thousands):

	<b>December 31, 2011</b>			
	<u>Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Trademarks/Tradenames . . . . .	23 years	\$9,468	\$(2,153)	\$7,315
	<b>December 31, 2010</b>			
	<u>Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Trademarks/Tradenames . . . . .	20 years	\$5,655	\$(1,807)	\$3,848

The aggregate intangible asset amortization expense, excluding impairment expense, was approximately \$0.3 million, \$0.2 million and \$0.4 million for the fiscal years ended December 31, 2011, 2010 and 2009, respectively.



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The estimated intangible asset amortization expense for the five succeeding fiscal years ending after December 31, 2011, is as follows (in thousands):

2012 .....	\$366
2013 .....	\$366
2014 .....	\$366
2015 .....	\$366
2016 .....	\$366

We performed a recoverability test in the fourth quarter of 2009 of our definite-lived trademarks/tradenames related to Mayflower and Monona based upon the decline in expected revenue growth rates and operating margins used to estimate future cash flow resulting from the closure of our Norwalk, Ohio facility, the extended decline in production units in the Class 8 market and lower demand in our construction market. Because the carrying value of those assets exceeded their fair value, we recorded an impairment charge of approximately \$4.1 million related to Mayflower.

*Indefinite-lived Intangibles*

We performed an impairment test of our indefinite-lived customer relationships during the second quarter of fiscal 2009. As part of this analysis, we determined that our indefinite-lived intangible assets relating to customer relationships with a carrying amount of approximately \$26.0 million needed to be written down to their estimated fair value of approximately \$19.0 million, resulting in an impairment charge of approximately \$7.0 million in the second quarter of fiscal 2009. Based upon the decline in expected revenue growth rates and operating margins used to estimate future cash flow resulting from lower demand in our construction markets, we determined that an impairment indicator existed during the fourth quarter of fiscal 2009. As a result, we performed an interim impairment test and determined that because the carrying value of the Monona customer relationship exceeded the estimated fair value, we recorded an impairment charge of approximately \$19.0 million as of December 31, 2009. In connection with these impairments, we no longer have indefinite-lived intangible assets recorded as of December 31, 2009.

**11. Income Taxes**

Pre-tax income (loss) consisted of the following for the years ended December 31 (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Domestic .....	\$12,135	\$ (520)	\$(71,208)
Foreign .....	9,550	5,182	(26,626)
Total .....	<u>\$21,685</u>	<u>\$4,662</u>	<u>\$(97,834)</u>

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

A reconciliation of income taxes computed at the statutory rates to the reported income tax benefit for the years ended December 31 is as follows (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal provision at statutory rate . . . . .	\$ 7,590	\$ 1,632	\$(34,242)
U.S./foreign tax rate differential . . . . .	555	(622)	2,516
Foreign tax provision . . . . .	582	(863)	862
State taxes, net of federal benefit . . . . .	37	(66)	(918)
Tax reserves . . . . .	184	(2,178)	2,001
Change in valuation allowance . . . . .	(3,951)	1,018	9,844
Tax credits . . . . .	(259)	(465)	(306)
Share-based compensation . . . . .	325	354	—
Reduction of prior year's tax attributes . . . . .	(1,424)	(160)	4,133
Permanent goodwill . . . . .	(412)	(412)	(412)
Other . . . . .	(132)	(63)	223
Provision (benefit) for income taxes . . . . .	<u>\$ 3,095</u>	<u>\$(1,825)</u>	<u>\$(16,299)</u>

The provision (benefit) for income taxes for the years ended December 31 is as follows (in thousands):

	<u>2011</u>			<u>2010</u>			<u>2009</u>		
	<u>Current Provision</u>	<u>Deferred Provision</u>	<u>Total Provision</u>	<u>Current Provision</u>	<u>Deferred Provision</u>	<u>Total Provision</u>	<u>Current Provision</u>	<u>Deferred Provision</u>	<u>Total Provision</u>
Federal . . . . .	\$ (240)	\$ (817)	\$(1,057)	\$(2,329)	\$ 132	\$(2,197)	\$(10,647)	\$ 1,994	\$ (8,653)
State . . . . .	857	(533)	324	315	(417)	(102)	(778)	(1,379)	(2,157)
International . . . . .	3,482	346	3,828	218	256	474	(4,874)	(615)	(5,489)
Total . . . . .	<u>\$4,099</u>	<u>\$(1,004)</u>	<u>\$ 3,095</u>	<u>\$(1,796)</u>	<u>\$ (29)</u>	<u>\$(1,825)</u>	<u>\$(16,299)</u>	<u>\$ —</u>	<u>\$(16,299)</u>

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

A summary of deferred income tax assets and liabilities as of December 31 is as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Current deferred tax assets (liabilities):		
Accounts receivable .....	\$ 367	\$ 462
Inventories .....	2,620	2,880
Warranty costs .....	1,916	1,495
Foreign exchange contracts .....	129	—
Accrued benefits .....	4,051	5,045
Other accruals not currently deductible for tax purposes .....	2,441	104
	<u>11,524</u>	<u>9,986</u>
Valuation allowance .....	(9,686)	(9,987)
Net current deferred tax assets (liabilities)	<u>\$ 1,838</u>	<u>\$ (1)</u>
Noncurrent deferred tax (liabilities) assets:		
Amortization and fixed assets .....	\$ 20,847	\$ 25,295
Pension obligation .....	9,942	4,712
Net operating loss carryforwards .....	27,665	23,224
Tax credit carryforwards .....	1,236	1,886
Stock options .....	687	608
Other accruals not currently available for tax purposes .....	(1,504)	3,417
	<u>58,873</u>	<u>59,142</u>
Valuation allowance .....	(59,678)	(59,112)
Net noncurrent deferred tax (liabilities) assets	<u>\$ (805)</u>	<u>\$ 30</u>

As a result of certain realization requirements, the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets at December 31, 2011, that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. Equity will be increased by \$2.0 million if and when such deferred tax assets are ultimately realized. We use tax law ordering for purposes of determining when excess tax benefits have been realized.

We assess whether valuation allowances should be established against deferred tax assets based on consideration of all available evidence, both positive and negative, using a “more likely than not” standard. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, our experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified.

In 2010, we maintained a full valuation allowance against our net deferred tax assets, except for deferred assets carried in China which did not have a multiple year cumulative loss. During 2011, we continued to maintain a full valuation allowance against our net deferred tax assets, except for certain state and international taxing jurisdictions which did not have a multiple year cumulative loss. Our analysis indicated that we had a cumulative three year historical loss as of December 31, 2011 and 2010. This is considered significant negative evidence which is objective and verifiable and, therefore, difficult to overcome. While our long-term financial outlook remains positive, we concluded that our ability to rely on our long-term outlook as to future taxable income was limited due to uncertainty created by the weight of the negative evidence. If and when our operating

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

performance improves substantially, our conclusion regarding the need for these significant valuation allowances could change, resulting in the reversal of some or all of the valuation allowances in the future.

As of December 31, 2011, we had approximately \$48.3 million of foreign, \$34.1 million of federal and \$78.5 million of state net operating loss carryforwards related to our global operations. Utilization of these losses is subject to the tax laws of the applicable tax jurisdiction and our legal organizational structure, and may be limited by the ability of certain subsidiaries to generate taxable income in the associated tax jurisdiction. Our net operating loss carryforwards expire beginning in 2012 and continue through 2031, except for certain tax jurisdictions with no expiration dates.

As of December 31, 2011, we had approximately \$1.2 million of research and development tax credits being carried forward related to our U.S. operations. Utilization of these credits may be limited by the ability to generate federal taxable income in future years. These tax credits will expire beginning in 2025 and continue through 2031.

Deferred taxes have not been provided on unremitted earnings of certain foreign subsidiaries that arose in fiscal years ending on or before December 31, 2011. Determination of the liability on these earnings is not practical because the liability would be dependent on circumstances existing if and when remittance occurs.

We operate in multiple jurisdictions and are routinely under audit by federal, state and international tax authorities. Exposures exist related to various filing positions which may require an extended period of time to resolve and may result in income tax adjustments by the taxing authorities. Reserves for these potential exposures have been established which represent management's best estimate of the probable adjustments. On a quarterly basis, management evaluates the reserve amounts in light of any additional information and adjusts the reserve balances as necessary to reflect the best estimate of the probable outcomes. Management believes that we have established the appropriate reserve for these estimated exposures. However, actual results may differ from these estimates. The resolution of these matters in a particular future period could have an impact on our consolidated statement of operations and provision for income taxes.

We file federal income tax returns in the U.S. and income tax returns in various states and foreign jurisdictions. With few exceptions, we are no longer subject to income tax examinations by any of the taxing authorities for years before 2007. There are currently two income tax examination in process. We do not anticipate that any adjustments from these examinations will result in material changes to our consolidated financial position and results of operations.

As of December 31, 2011, we provided a liability of approximately \$0.9 million of unrecognized tax benefits related to various federal and state income tax positions, all of which would impact our effective tax rate, if recognized. As of December 31, 2010, we had provided a liability of approximately \$0.7 million of unrecognized tax benefits related to various federal and state income tax positions with approximately \$0.7 million that would have impacted our effective rate and none that were offset by deferred tax assets.

We accrue penalties and interest related to unrecognized tax benefits through income tax expense, which is consistent with the recognition of these items in prior reporting periods. We had approximately \$0.5 million accrued for the payment of interest and penalties at December 31, 2011, of which \$20 thousand was accrued during the current year. Accrued interest and penalties are included in the \$0.9 million of unrecognized tax benefits. As December 31, 2010, we had accrued approximately \$0.3 million for the payment of interest and penalties of which \$18 thousand was accrued during 2010.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During the current year, we released approximately \$50 thousand of tax reserves. Events could occur within the next 12 months that would have an impact on the amount of unrecognized tax benefits that would be required. Approximately \$66 thousand of unrecognized tax reserves, interest and penalties will be released within the next 12 months due to the statute of limitations.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (including interest and penalties) at December 31 is as follows (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Balance — Beginning of the year . . . . .	\$ 666	\$ 2,879	\$ 2,960
Gross increase — tax positions in prior periods . . . . .	235	379	2,538
Gross decreases — tax positions in prior periods . . . . .	(48)	(2,674)	(2,700)
Gross increases — current period tax positions . . . . .	—	168	395
Lapse of statute of limitations . . . . .	(2)	(86)	(314)
Balance — End of the year . . . . .	<u>\$ 851</u>	<u>\$ 666</u>	<u>\$ 2,879</u>

**12. Segment Reporting**

Operating segments are defined as components of an enterprise that are evaluated regularly by the company's chief operating decision maker. Due to the manner in which our chief operating decision maker regularly assesses performance and decides how to allocate resources, we have a single operating segment.

The following table presents revenues and long-lived assets for each of the geographic areas in which we operate (in thousands):

	Years Ended December 31,					
	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>Revenues</u>	<u>Long-lived Assets</u>	<u>Revenues</u>	<u>Long-lived Assets</u>	<u>Revenues</u>	<u>Long-lived Assets</u>
United States . . . . .	\$611,240	\$69,438	\$468,190	\$52,875	\$387,444	\$56,938
United Kingdom . . . . .	71,389	3,353	55,395	2,375	34,346	1,460
All other countries . . . . .	149,393	3,881	74,194	4,071	36,779	3,917
	<u>\$832,022</u>	<u>\$76,672</u>	<u>\$597,779</u>	<u>\$59,321</u>	<u>\$458,569</u>	<u>\$62,315</u>

Revenues are attributed to geographic locations based on the location of where the product is sold. Included in all other countries are intercompany sales eliminations.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following is a summary composition by product category of our revenues (dollars in thousands):

	Years Ended December 31,					
	2011		2010		2009	
	Revenues	%	Revenues	%	Revenues	%
Seats and seating systems . . . . .	\$357,994	43	\$230,836	39	\$142,093	31
Electronic wire harnesses and panel assemblies . . . . .	179,595	22	158,993	27	110,182	24
Trim systems and components . . . . .	156,849	19	96,584	16	75,600	17
Cab structures, sleeper boxes, body panels and structural components . . . .	83,692	10	65,016	11	87,503	19
Mirrors, wipers and controls . . . . .	53,892	6	46,350	7	43,191	9
	<u>\$832,022</u>	100	<u>\$597,779</u>	100	<u>\$458,569</u>	100

**13. Commitments and Contingencies**

*Leases* — We lease office, warehouse and manufacturing space and certain equipment under non-cancelable operating lease agreements that require us to pay maintenance, insurance, taxes and other expenses in addition to annual rentals. The anticipated future lease costs are based in part on certain assumptions and we will continue to monitor these costs to determine if the estimates need to be revised in the future. Lease expense was approximately \$16.0 million, \$15.3 million and \$16.1 million in 2011, 2010 and 2009, respectively. Capital lease agreements entered into by us are immaterial in total. Future minimum annual rental commitments at December 31, 2011 under these operating leases are as follows (in thousands):

<u>Year Ending December 31,</u>	
2012 . . . . .	\$ 11,181
2013 . . . . .	8,831
2014 . . . . .	7,130
2015 . . . . .	4,521
2016 . . . . .	3,228
Thereafter . . . . .	10,048

*Guarantees* — We accrue for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. We record a liability for the fair value of such guarantees in the balance sheet. As of December 31, 2011, we had no such guarantees.

*Litigation* — We are subject to various legal actions and claims incidental to our business, including those arising out of alleged defects, product warranties and employment-related and environmental matters. Management believes that we maintain adequate insurance to cover these claims. We have established reserves for issues that are probable and estimable in amounts management believes are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business will not have a material adverse impact on the consolidated financial position, results of operations or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with assurance.



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**14. Stockholders' Equity (Deficit)**

*Common Stock* — Our authorized capital stock consists of 60,000,000 shares of common stock with a par value of \$0.01 per share.

In March 2010, we completed a public offering of 4,370,000 shares of common stock at a price of \$6.25 per share. Of the total shares sold to the public, 570,000 shares were used to cover over-allotments by the underwriter. The net proceeds of approximately \$25.4 million were used for general corporate and working capital purposes, including the funding of strategic initiatives that we may undertake from time to time.

*Preferred Stock* — Our authorized capital stock consists of 5,000,000 shares of preferred stock with a par value of \$0.01 per share, with no shares outstanding as of December 31, 2011.

*Earnings Per Share* — Basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share, and all other diluted per share amounts presented, is determined by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period as determined by the Treasury Stock Method. Potential common shares are included in the diluted earnings per share calculation when dilutive. Diluted earnings per share for years ended December 31, 2011, 2010 and 2009 includes the effects of potential common shares consisting of common stock issuable upon exercise of outstanding stock options when dilutive (in thousands, except share and per share amounts):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net income (loss) attributable to common stockholders — basic and diluted . . . . .	\$18,605	\$ 6,487	\$(81,535)
Weighted average number of common shares outstanding . . . . .	27,848	26,247	21,811
Dilutive effect of outstanding stock options and restricted stock grants after application of the treasury stock method . . . . .	342	747	—
Dilutive shares outstanding . . . . .	<u>28,190</u>	<u>26,994</u>	<u>21,811</u>
Basic earnings (loss) per share attributable to common stockholders . . . . .	<u>\$ 0.67</u>	<u>\$ 0.25</u>	<u>\$ (3.74)</u>
Diluted earnings (loss) per share attributable to common stockholders . . . . .	<u>\$ 0.66</u>	<u>\$ 0.24</u>	<u>\$ (3.74)</u>

As of December 31, 2011, diluted earnings per share excludes approximately 761 thousand shares of our nonvested restricted stock as the effect would have been anti-dilutive. As of December 31, 2010, diluted earnings per share excludes approximately 470 thousand shares of our nonvested restricted stock as the effect would have been anti-dilutive. As of December 31, 2009, diluted loss per share excludes approximately 443 thousand shares of our nonvested restricted stock, 72 thousand shares of outstanding stock options and 703 thousand warrants as the effect would have been anti-dilutive.

*Dividends* — We have not declared or paid any cash dividends in the past. The terms of the Loan and Security Agreement and the 7.875% Notes Indenture restricts the payment or distribution of our cash or other assets, including cash dividend payments.

*Stockholder Rights Plan* — In May 2009, our board of directors adopted a Stockholder Rights Plan (“Rights Plan”) intended to protect stockholders from coercive or otherwise unfair takeover tactics.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Under the Rights Plan, with certain exceptions, the rights will become exercisable only if a person or group acquires 20 percent or more of our outstanding common stock or commences a tender or exchange offer that could result in ownership of 20 percent or more of our common stock. The Rights Plan has a term of 10 years and will expire on May 20, 2019, unless the rights are earlier redeemed or terminated by the board of directors. In March 2011, our Board amended our Rights Plan and accelerated the expiration date to March 8, 2011.

*Common Stock Warrants* — On August 4, 2009, we issued 745,000 warrants to purchase common stock. The units were issued pursuant to a warrant and unit agreement with U.S. Bank National Association, as unit agent and warrant agent. Each warrant was issued as part of a unit consisting of (i) \$1,000 principal amount of 11%/13% third lien senior secured notes due 2013 and (ii) 17.68588 warrants. The units are immediately separable.

Each warrant entitles the holder thereof to purchase one share of our common stock at an exercise price of \$0.35 per share. The warrants provide for mandatory cashless exercise. The number of shares for which a warrant may be exercised and the exercise price are subject to adjustment in certain events. The warrants are exercisable at any time on or after separation and prior to their expiration on August 4, 2019. All of the units were separated and all of the warrants were exercised as of December 31, 2010.

**15. Share-Based Compensation**

We estimate our pre-tax share-based compensation expense to be approximately \$4.5 million in 2012 based on our current share-based compensation arrangements. The compensation expense that has been charged against income for those arrangements was approximately \$3.6 million, \$2.8 million and \$2.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

*Stock Option Grants* — In May 2004, we granted options to purchase 910,869 shares of common stock at \$5.54 per share. These options have a ten-year term and the original terms provided for 50% of the options becoming exercisable ratably on June 30, 2005 and June 30, 2006. During June 2004, we modified the terms of these options such that they became 100% vested immediately.

In October 2004, we granted options to purchase 598,950 shares of common stock at \$15.84 per share. These options have a ten-year term and vest ratably in three equal annual installments commencing on October 20, 2005. As of December 31, 2008, there was no amount remaining of unearned compensation related to nonvested stock options granted in October 2004 under the amended and restated equity incentive plan.

*Restricted Stock Awards* — Restricted stock is a grant of shares of common stock that may not be sold, encumbered or disposed of, and that may be forfeited in the event of certain terminations of employment, prior to the end of a restricted period set by the compensation committee of the board of directors. A participant granted restricted stock generally has all of the rights of a stockholder, unless the compensation committee determines otherwise. The following table summarizes information about restricted stock grants (in millions, except for share data):

Grant	Shares	Vesting Schedule	Unearned Compensation	Remaining Period (in months)
November 2005 . . . . .	168,700	3 equal annual installments commencing on October 20, 2006	\$ —	—
November 2006 . . . . .	207,700	3 equal annual installments commencing on October 20, 2007	\$ —	—
February 2007 . . . . .	10,000	3 equal annual installments commencing on October 20, 2007	\$ —	—
March 2007 . . . . .	10,000	3 equal annual installments commencing on October 20, 2007	\$ —	—
November 2007 . . . . .	328,900	3 equal annual installments commencing on October 20, 2008	\$ —	—
November 2008 . . . . .	798,450	3 equal annual installments commencing on October 20, 2009	\$ —	—
November 2009 . . . . .	638,150	3 equal annual installments commencing on October 20, 2010	\$0.8	10
November 2010 . . . . .	404,000	3 equal annual installments commencing on October 20, 2011	\$3.4	22
November 2011 . . . . .	443,250	3 equal annual installments commencing on October 20, 2012	\$4.4	34

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

As of December 30, 2011, there was approximately \$8.6 million of unearned compensation expense related to non-vested share-based compensation arrangements granted under our equity incentive plans. This expense is subject to future adjustments for vesting and forfeitures and will be recognized on a straight-line basis over the remaining period listed above for each grant.

We used the Black-Scholes option-pricing model to estimate the fair value of equity-based stock option grants with the following weighted-average assumptions:

	<u>2004 Stock Option Grants</u>
Weighted-average fair value of option and restricted stock grants . . . . .	\$ 3.34
Risk-free interest rate . . . . .	4.50%
Expected volatility . . . . .	23.12%
Expected life in months . . . . .	36

We currently estimate the forfeiture rate for November 2011, November 2010 and November 2009 restricted stock awards at 8.2%, 8.2%, and 5.5%, respectively, for all participants of each plan.

A summary of the status of our stock options as of December 31, 2011 and changes during the twelve-month period ending December 31, 2011 is presented below:

<u>Stock Options</u>	<u>Options (000's)</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value (000's)</u>
Outstanding at December 31, 2010 . . . . .	477	\$15.69	3.9	\$60
Exercised . . . . .	—	—	—	—
Forfeited . . . . .	(1)	15.84	—	—
Outstanding at December 31, 2011 . . . . .	<u>476</u>	<u>\$15.69</u>	<u>2.9</u>	<u>\$29</u>
Exercisable at December 31, 2011 . . . . .	<u>476</u>	<u>\$15.69</u>	<u>2.9</u>	<u>\$29</u>
Nonvested, expected to vest at December 31, 2011 . . . . .	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$—</u>

The following table summarizes information about our nonvested restricted stock grants as of December 31, 2011:

	<u>Nonvested Restricted Stock</u>	
	<u>Shares (000's)</u>	<u>Weighted- Average Grant-Date Fair Value</u>
Nonvested at December 31, 2010 . . . . .	1,023	\$ 9.02
Granted . . . . .	443	11.49
Vested . . . . .	(556)	4.03
Forfeited . . . . .	(17)	8.96
Nonvested at December 31, 2011 . . . . .	<u>893</u>	<u>\$ 7.60</u>

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We expect employees to surrender approximately 142 thousand shares of our common stock in connection with the vesting of restricted stock during 2012 to satisfy income tax withholding obligations.

As of December 31, 2011, a total of 1,269,163 shares were available from the 4.6 million shares authorized for award under our Fourth Amended and Restated Equity Incentive Plan, including cumulative forfeitures.

*Repurchase of Common Stock* — We did not repurchase any of our common stock on the open market as part of a stock repurchase program during 2011; however, our employees surrendered 141,662 shares of our common stock to satisfy tax withholding obligations on the vesting of restricted stock awards issued under our Fourth Amended and Restated Equity Incentive Plan.

**16. Defined Contribution Plans, Pension and Other Post-Retirement Benefit Plans**

*Defined Contribution Plans* — We sponsor various 401(k) employee savings plans covering all eligible employees, as defined. Eligible employees can contribute on a pre-tax basis to the plan. In accordance with the terms of the 401(k) plans, we elect to match a certain percentage of the participants' contributions to the plans, as defined. We recognized expense associated with these plans of approximately \$1.0 million, \$0.6 million and \$0.2 million in 2011, 2010 and 2009, respectively.

*Pension and Other Post-Retirement Benefit Plans* — We sponsor pension and other post-retirement benefit plans that cover certain hourly and salaried employees in the U.S. and United Kingdom. Our policy is to make annual contributions to the plans to fund the minimum contributions as required by local regulations.

The change in benefit obligation, plan assets and funded status as of December 31 consisted of the following (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans		Other Post-Retirement Benefit Plans	
	2011	2010	2011	2010	2011	2010
<b>Change in benefit obligation:</b>						
Benefit obligation — Beginning of year . . . . .	\$ 37,496	\$ 35,258	\$ 38,147	\$ 38,837	\$ 1,445	\$ 2,330
Service cost . . . . .	73	227	—	—	—	3
Interest cost . . . . .	1,956	1,979	2,127	2,147	65	119
Participant contributions . . . . .	—	—	—	—	54	17
Plan amendments . . . . .	—	—	—	—	—	(372)
Special termination benefits . . . . .	—	107	—	—	—	271
Benefits paid . . . . .	(1,658)	(1,501)	(1,603)	(1,397)	(312)	(337)
Actuarial loss (gain) . . . . .	6,136	1,425	(1,572)	(326)	50	(586)
Exchange rate changes . . . . .	—	—	(39)	(1,114)	—	—
Benefit obligation at end of year . . . . .	44,003	37,495	37,060	38,147	1,302	1,445
<b>Change in plan assets:</b>						
Fair value of plan assets — Beginning of year . . . . .	25,372	22,842	28,057	26,095	—	—
Actual return on plan assets . . . . .	150	2,934	949	3,227	—	—
Employer contributions . . . . .	1,959	1,097	867	880	258	320
Participant contributions . . . . .	—	—	—	—	54	17
Benefits paid . . . . .	(1,658)	(1,501)	(1,603)	(1,397)	(312)	(337)
Exchange rate changes . . . . .	—	—	(29)	(748)	—	—
Fair value of plan assets at end of year . . . . .	25,823	25,372	28,241	28,057	—	—
Funded status . . . . .	<u>\$(18,180)</u>	<u>\$(12,123)</u>	<u>\$ (8,819)</u>	<u>\$ (10,090)</u>	<u>\$(1,302)</u>	<u>\$(1,445)</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Amounts recognized in the consolidated balance sheets at December 31 consist of (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans		Other Post-Retirement Benefit Plans	
	2011	2010	2011	2010	2011	2010
Current liabilities . . . . .	\$ —	\$ —	\$ —	\$ —	\$ 288	\$ 315
Noncurrent liabilities . . . . .	18,180	12,123	8,819	10,090	1,014	1,130
Net amount recognized . . . . .	<u>\$18,180</u>	<u>\$12,123</u>	<u>\$ 8,819</u>	<u>\$ 10,090</u>	<u>\$1,302</u>	<u>\$1,445</u>

Defined benefit plans with a projected benefit obligation and accumulated benefit obligation in excess of plan assets at December 31 are as follows (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans	
	2011	2010	2011	2010
Projected benefit obligation . . . . .	\$44,002	\$37,496	\$37,060	\$38,147
Accumulated benefit obligation . . . . .	\$44,002	\$37,496	\$37,060	\$38,147
Fair value of plan assets . . . . .	\$25,823	\$25,372	\$28,241	\$28,057

The components of net periodic benefit cost for the years ended December 31 are as follows (in thousands):

	U.S. Pension Plans			Non-U.S. Pension Plans			Other Post-Retirement Benefit Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Service cost . . . . .	\$ 73	\$ 227	\$ 294	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 8
Interest cost . . . . .	1,956	1,979	1,907	2,127	2,147	1,989	65	119	126
Expected return on plan assets . . . . .	(1,915)	(1,699)	(1,514)	(1,797)	(1,631)	(1,418)	—	—	—
Amortization of prior service cost . . . . .	—	—	—	—	—	—	(128)	(75)	—
Recognized actuarial loss (gain) . . . . .	104	103	107	287	374	183	(136)	8	(77)
Net periodic benefit cost . . .	<u>218</u>	<u>610</u>	<u>794</u>	<u>617</u>	<u>890</u>	<u>754</u>	<u>(199)</u>	<u>55</u>	<u>57</u>
Special Termination Benefits . . . . .	<u>—</u>	<u>107</u>	<u>151</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(101)</u>	<u>339</u>
Net benefit cost . . . . .	<u>\$ 218</u>	<u>\$ 717</u>	<u>\$ 945</u>	<u>\$ 617</u>	<u>\$ 890</u>	<u>\$ 754</u>	<u>\$(199)</u>	<u>\$ (46)</u>	<u>\$396</u>

The special termination benefits in 2010 and 2009 relate primarily to additional benefits received by employees who elected early retirement.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Amounts Recognized in Accumulated Other Comprehensive Income (Loss)* — Amounts recognized in accumulated other comprehensive income (loss) at December 31 are as follows (in thousands):

	U.S. Pension Plans			Non-U.S. Pension Plans			Other Post-Retirement Benefit Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Net actuarial loss (gain) . . . . .	\$14,256	\$6,459	\$6,372	\$9,428	\$10,449	\$13,123	\$(381)	\$(580)	\$36
Prior service (credit) . . . . .	—	—	—	—	—	—	(170)	(298)	—
	<u>\$14,256</u>	<u>\$6,459</u>	<u>\$6,372</u>	<u>\$9,428</u>	<u>\$10,449</u>	<u>\$13,123</u>	<u>\$(551)</u>	<u>\$(878)</u>	<u>\$36</u>

*Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)* — Amounts recognized as other changes in plan assets and benefit obligations in other comprehensive income at December 31 are as follows (in thousands):

	U.S. Pension Plans		Non-U.S. Pension Plans		Other Post-Retirement Benefit Plans	
	2011	2010	2011	2010	2011	2010
Actuarial loss (gain) . . . . .	\$7,901	\$ 190	\$ (723)	\$ (1,923)	\$ 51	\$(585)
Amortization of actuarial (gain) loss . . . . .	(104)	(103)	(287)	(374)	136	(8)
Prior Service credit (loss) . . . . .	—	—	—	—	128	(372)
Amortization of prior service credit (loss) . . . . .	—	—	—	—	—	75
Total recognized in other comprehensive income (loss) . . . . .	<u>\$7,797</u>	<u>\$ 87</u>	<u>\$ (1,010)</u>	<u>\$ (2,297)</u>	<u>\$ 315</u>	<u>\$(890)</u>

The estimated actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$0.4 million. The estimated actuarial gain for the other post-retirement benefit plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$0.2 million.

Weighted-average assumptions used to determine benefit obligations at December 31 are as follows:

	U.S. Pension Plans			Non-U.S. Pension Plans			Other Post-Retirement Benefit Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Discount rate . . . . .	4.19%	5.31%	5.84%	4.90%	5.70%	5.80%	4.19%	5.31%	5.84%

Weighted-average assumptions used to determine net periodic benefit cost at December 31 are as follows:

	U.S. Pension Plans			Non-U.S. Pension Plans			Other Post-Retirement Benefit Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Discount rate . . . . .	5.31%	5.84%	6.13%	5.70%	5.80%	6.50%	5.31%	5.84%	6.13%
Expected return on plan assets . . . . .	7.50%	7.50%	7.50%	6.50%	6.50%	6.00%	N/A	N/A	N/A

The rate of return assumptions are based on projected long-term market returns for the various asset classes in which the plans are invested, weighted by the target asset allocations. An incremental amount for active plan asset management and diversification, where appropriate, is included in the rate of return assumption. Our pension plan investment strategy is reviewed annually.



**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity, balanced, fixed income and real estate investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other assets such as real estate are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies and quarterly investment portfolio reviews. We expect to contribute \$3.1 million to our pension plans and \$0.3 million to our other post-retirement benefit plans in 2012.

Our current investment allocation target for our pension plans for 2012 and our weighted-average asset allocations of our pension assets for the years ended December 31, by asset category, are as follows:

	<u>Target Allocation</u>		<u>Pension Plans</u>	
	<u>U.S.</u>	<u>Non-U.S.</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents . . . . .	0%	0%	3%	0%
Equity securities . . . . .	55	51	53	54
Debt securities . . . . .	25	39	32	36
Real estate . . . . .	<u>20</u>	<u>10</u>	<u>12</u>	<u>10</u>
	100%	100%	100%	100%

The following descriptions relate to our plan assets:

*Cash and cash equivalents*—The fair value of cash and cash equivalents is valued at cost.

*Equity Securities*—The overall equity category includes common stocks issued by U.S., United Kingdom and other international companies, equity funds that invest in common stocks and unit linked insurance policies. All investments generally allow near-term (within 90 days of the measurement date) liquidity and are held in issues that are actively traded to facilitate transactions at minimum cost.

*Balanced*—The overall balanced category includes funds primarily invested in a mix of equity and fixed income securities where the allocations are at the discretion of the investment manager. All investments generally allow near-term (within 90 days of the measurement date) liquidity and are held in issues that are actively traded to facilitate transactions at minimum cost.

*Fixed Income Security*—The overall fixed income category includes U.S. dollar-denominated and United Kingdom and other international marketable bonds and convertible debt securities as well as fixed income funds that invest in these instruments. All assets generally allow near-term liquidity and are held in issues, which are actively traded to facilitate transactions as minimum cost.

The fair value of fixed income securities is determined by either direct or indirect quoted market prices. When the value of assets held in separate accounts is not published, the value is based on the underlying holdings, which are primarily direct quoted market prices on regulated financial exchanges.

*Real Estate*—Real estate provides an indirect investment into a diversified and multi-sector portfolio of property assets. The fair value of real estate investments is valued by the fund managers. The fund managers value the real estate investments via independent third-party appraisals on a periodic basis. Assumptions used to revalue the properties are updated every quarter.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The fair values of our pension plan assets by asset category and by level as described in Note 2 for the years ended December 31, 2011 and 2010 are as follows (in thousands):

	December 31, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Cash and cash equivalents . . .	\$ 1,425	\$ 1,425	\$ —	\$ —
Equities:				
U.S. large value . . . . .	3,804	3,804	—	—
U.S. large growth . . . . .	2,896	2,896	—	—
U.S. small cap growth . . . .	582	—	582	—
U.K. index . . . . .	5,853	—	5,853	—
International large value . . .	7,800	—	7,800	—
International blend . . . . .	3,110	—	3,110	—
International growth . . . . .	2,455	2,455	—	—
Balanced . . . . .	2,430	—	2,430	—
Fixed income securities:				
Government bonds . . . . .	3,870	—	3,870	—
Corporate bonds . . . . .	13,630	—	13,630	—
Real Estate:				
U.S. property . . . . .	4,006	—	—	4,006
U.K. property . . . . .	2,204	—	—	2,204
Total pension fund assets . . . .	<u>\$54,065</u>	<u>\$10,580</u>	<u>\$37,275</u>	<u>\$6,210</u>

	December 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Cash and cash equivalents . . .	\$ 132	\$ 132	\$ —	\$ —
Equities:				
U.S. large value . . . . .	3,679	3,679	—	—
U.S. large growth . . . . .	3,886	3,886	—	—
U.S. small cap growth . . . .	611	—	611	—
U.K. index . . . . .	6,506	—	6,506	—
International large value . . .	8,408	—	8,408	—
International blend . . . . .	2,492	—	2,492	—
International growth . . . . .	2,934	2,934	—	—
Balanced . . . . .	2,695	—	2,695	—
Fixed income securities:				
Government bonds . . . . .	3,075	—	3,075	—
Corporate bonds . . . . .	13,448	—	13,448	—
Real Estate:				
U.S. property . . . . .	3,472	—	—	3,472
U.K. property . . . . .	2,091	—	—	2,091
Total pension fund assets . . . .	<u>\$53,429</u>	<u>\$10,631</u>	<u>\$37,235</u>	<u>\$5,563</u>

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The fair value of our pension plan assets measured using significant unobservable inputs (Level 3) at December 31 are as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Beginning balance .....	\$5,563	\$4,417
Actual return on plan assets:		
Relating to assets held at reporting date .....	138	571
Purchases, sales and settlements, net .....	511	633
Foreign currency translation adjustment .....	(2)	(58)
Ending balance .....	<u>\$6,210</u>	<u>\$5,563</u>

For measurement purposes, a 7.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2011. The rate was assumed to decrease gradually to 5.0% through 2017 and remain constant thereafter. Assumed health care cost trend rates can have a significant effect on the amounts reported for other post-retirement benefit plans.

Differences in the ultimate health care cost trend rates within the range indicated below would have had the following impact on 2011 other post-retirement benefit results (in thousands):

	<u>1 Percentage Point Increase</u>	<u>1 Percentage Point Decrease</u>
Increase (Decrease) from change in health care cost trend rates		
Other post-retirement benefit expense .....	\$11	\$(10)
Other post-retirement benefit liability .....	\$44	\$(42)

The following table summarizes our expected future benefit payments of our pension and other post-retirement benefit plans (in thousands):

<u>Year</u>	<u>Pension Plans</u>	<u>Other Post- Retirement Benefit Plans</u>
2012 .....	\$ 2,923	\$289
2013 .....	\$ 3,241	\$210
2014 .....	\$ 3,450	\$183
2015 .....	\$ 3,610	\$127
2016 .....	\$ 3,821	\$115
2017 to 2021 .....	\$23,942	\$383

**17. Related Party Transactions**

We entered into the following related party transactions during the three years ended December 31, 2011:

In May 2008, we entered into a freight services arrangement with Group Transportation Services Holdings, Inc. (“GTS”), a third party logistics and freight management company. Under this arrangement, which was approved by our Audit Committee on April 29, 2008, GTS manages a portion of our freight and logistics program as well as administers its payments to additional third party freight service providers. In May 2010, GTS merged with Roadrunner Transportation Systems, Inc. (“RRTS”) in connection with the initial public offering of RRTS. Richard A. Snell, a member of our Board, is an Operating Partner of HCI Equity Partners, the controlling shareholder of RRTS, and Chad M. Utrup, our Chief Financial Officer, was elected to the Board of Directors of RRTS in May 2010. For the years ended December 31, 2011, 2010 and 2009, we made payments (net of pass through payments to other third party freight service providers) to GTS/RRTS of approximately \$0.4 million, \$0.6 million and \$0.6 million of fees for services, respectively.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**18. Quarterly Financial Data (Unaudited)**

The following is a condensed summary of actual quarterly results of operations for 2011 and 2010 (in thousands, except per share amounts):

	<u>Revenues</u>	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Net Income (Loss)</u>	<u>Net Income (Loss) Attributable to Common Stockholders</u>	<u>Basic Earnings (Loss) Per Share</u>	<u>Diluted Earnings (Loss) Per Share Attributable to Common Stockholders(1)</u>
<b>2011:</b>							
First . . . . .	\$182,509	\$24,716	\$ 8,116	\$ 3,277	\$ 3,277	\$ 0.12	\$ 0.12
Second . . . . .	\$206,776	\$27,676	\$11,327	\$(2,169)	\$(2,169)	\$(0.08)	\$(0.08)
Third . . . . .	\$216,909	\$29,822	\$13,547	\$ 7,376	\$ 7,376	\$ 0.27	\$ 0.26
Fourth . . . . .	\$225,828	\$33,378	\$16,066	\$10,106	\$10,121	\$ 0.36	\$ 0.36
<b>2010:</b>							
First . . . . .	\$146,407	\$16,892	\$ 3,621	\$ 676	\$ 676	\$ 0.03	\$ 0.03
Second(2) . . . . .	\$142,349	\$17,756	\$ 2,618	\$ 693	\$ 693	\$ 0.03	\$ 0.02
Third . . . . .	\$150,950	\$19,864	\$ 5,109	\$ 1,142	\$ 1,142	\$ 0.04	\$ 0.04
Fourth . . . . .	\$158,073	\$20,285	\$ 5,368	\$ 3,976	\$ 3,976	\$ 0.14	\$ 0.14

(1) See Note 14 for discussion on the computation of diluted shares outstanding.

(2) We recorded approximately \$1.4 million of restructuring charges in the second quarter of 2010.

The sum of the per share amounts for the quarters does not equal the total for the year due to the application of the treasury stock methods.

**19. Subsequent Events**

We have evaluated subsequent events through the date that the consolidated financial statements were issued.

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

There were no changes in or disagreements with our independent accountants on matters of accounting and financial disclosures.

**Item 9A. *Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's disclosure control objectives.

Based on their evaluation, our President and Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2011.

## Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the U.S. Such internal control includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, it used the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that, as of December 31, 2011, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm, Deloitte and Touche LLP, has issued an attestation report on our internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ Mervin Dunn

Mervin Dunn  
Chief Executive Officer

/s/ Chad M. Utrup

Chad M. Utrup  
Chief Financial Officer

March 13, 2012



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Commercial Vehicle Group, Inc.

We have audited the internal control over financial reporting of Commercial Vehicle Group, Inc. and subsidiaries (the “Company”) as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2011 of the Company and our report dated March 13, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Columbus, Ohio  
March 13, 2012

**Changes in Internal Control Over Financial Reporting**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

**A. Directors of the Registrant**

The following table sets forth certain information with respect to our current directors as of March 8, 2012:

<u>Name</u>	<u>Age</u>	<u>Principal Position(s)</u>
Richard A. Snell . . . . .	70	Chairman and Director
Mervin Dunn . . . . .	58	President, Chief Executive Officer and Director
Scott C. Arves . . . . .	55	Director
David R. Bovee . . . . .	62	Director
Robert C. Griffin . . . . .	64	Director
S.A. Johnson . . . . .	71	Director
John W. Kessler . . . . .	76	Director
Arnold A. Siemer . . . . .	74	Director

The following biographies describe the business experience of our directors:

*Scott C. Arves* has served as a Director since July 2005. Since January 2007, Mr. Arves has served as President and Chief Executive Officer of Transport America, a truckload, intermodal and logistics provider. Prior to joining Transport America, Mr. Arves was President of Transportation for Schneider National, Inc., a provider of transportation, logistics and related services, from May 2000 to July 2006. Mr. Arves brings nearly 33 years of transportation experience to his role as Director, including 19 years of P & L experience and 16 years as a Division President or Chief Executive Officer.

*David R. Bovee* has served as a Director since October 2004. Mr. Bovee served as Vice President and Chief Financial Officer of Dura Automotive Systems, Inc. (“Dura”) from January 2001 to March 2005 and from November 1990 to May 1997. In October 2006, subsequent to Mr. Bovee’s 2005 retirement, Dura filed a voluntary petition for reorganization under the federal bankruptcy laws. From May 1997 until January 2001, Mr. Bovee served as Vice President of Business Development for Dura. Mr. Bovee also served as Assistant Secretary for Dura. Prior to joining Dura, Mr. Bovee served as Vice President at Wickes in its Automotive Group from 1987 to 1990. Mr. Bovee’s relevant experience includes more than 10 years as a Chief Financial Officer and 15 years as an executive officer of a major automotive supplier, and nearly 10 years of experience in a publicly traded company. Mr. Bovee’s career spans 32 years in the manufacturing and transportation sectors, servicing a footprint similar to CVG. Mr. Bovee has spent his entire career in finance roles, which suits him well to his position on the Audit Committee.

*Mervin Dunn* has served as a Director since August 2004 and as our President and Chief Executive Officer since June 2002. Mr. Dunn’s tenure with CVG dates back to October 1999 when he served as President of Trim Systems through June 2002. From 1998 to 1999, Mr. Dunn served as the President and Chief Executive Officer of Bliss Technologies, a heavy metal stamping company. Mr. Dunn also spent 10 years with Arvin Industries

from 1988 to 1998 in a number of key leadership roles, including Vice President of Operating Systems (Arvin North America), Vice President of Quality, and President of Arvin Ride Control. Mr. Dunn served in a number of management positions in engineering and quality assurance, including Division Quality Manager, at Johnson Controls Automotive Group. Mr. Dunn also has engineering and quality management experience with Hyster Corporation, a manufacturer of heavy lift trucks. Mr. Dunn currently serves as a Director and a member of the Compensation Committee of Transdigm Group, Inc. Mr. Dunn has spent his entire career in management positions within the automotive and transportation sectors. He brings a lifetime of manufacturing experience to his leadership role within the Company and on the Board.

*Robert C. Griffin* has served as a Director since July 2005. His career spanned over 25 years in the financial sector, including Head of Investment Banking Americas and Management Committee Member for Barclay's Capital from 2000 to 2002. Prior to that, Mr. Griffin served as the Global Head of Financial Sponsor Coverage for Bank of America Securities and a member of its Montgomery Securities Subsidiary Management Committee from 1998 to 2000 and as Group Executive Vice President of Bank of America and a member of its Senior Management Committee from 1997 to 1998. Mr. Griffin served as a Director of Sunair Services Corporation from February 2008 until its sale in December 2009 as a member of their Audit Committee and Chairman of their Special Committee. Mr. Griffin currently serves as a Director of GSE Holdings, Inc., where he serves as Chairman, and as a Director of Builders FirstSource, Inc., where he is Chairman of the Audit Committee, a member of the Nominating Committee and was Chairman of their Special Committee in 2009. Mr. Griffin brings strong financial and management expertise to our Board through his experience as an officer and director of a public company, service on other boards and his senior leadership tenure within the financial industry.

*S.A. ("Tony") Johnson* has served as a Director since September 2000. Mr. Johnson served as the Chairman of Hidden Creek from May 2001 to May 2004 and from 1989 to May 2001 was its President and Chief Executive Officer. Prior to forming Hidden Creek, Mr. Johnson served from 1985 to 1989 as Chief Operating Officer of Pentair, Inc., a diversified industrial company. Prior to 2005, Mr. Johnson served as a Director of Saleen, Inc. and Dura Automotive. Mr. Johnson served as a Director of Tower Automotive from 1993 to 2007 and from 2004 to 2010 as a Director of Cooper-Standard Automotive, Inc. Mr. Johnson brings more than 30 years of executive experience to his role on the Board, including his current position as a Managing Partner of OG Partners, a private industrial management company where he has served since 2004.

*John W. Kessler* has served as a Director since August 2008. Mr. Kessler has been the owner of the John W. Kessler Company, a real estate development company, since 1972 and Chairman of The New Albany Company, a real estate development company, since 1988. Mr. Kessler is a past chairman of The Ohio State University Board of Trustees, the Ohio Public Works Commission, the Columbus Museum of Art, the United Way of Central Ohio and the Greater Columbus Chamber of Commerce. Mr. Kessler served as a Director of JP Morgan Chase & Co. from 1986 to 2006. Mr. Kessler currently sits on the Board of Directors of Abercrombie & Fitch Co., where he serves as the Executive Committee Chairman and previously served as a member of the Compensation Committee and the Nominating and Board Governance Committee. Mr. Kessler brings a diverse governance background to CVG, having served on a number of Boards spanning several industries including retail, service, education and non-profit.

*Arnold B. Siemer* has served as a Director since November 2011. Mr. Siemer has been the owner and Chief Executive Officer of Desco Corporation, a group of diversified manufacturing companies, since 1966. Mr. Siemer brings more than 40 years of experience in manufacturing, service and technology companies in both domestic and international markets to his role as a Director.

*Richard A. Snell* has served as a Director since August 2004 and as Chairman since March 2010. He has served as Chairman and Chief Executive Officer of Qualitor, Inc. since May 2005 and as an Operating Partner at HCI Partners since 2003. Mr. Snell served as Chairman and Chief Executive Officer of Federal-Mogul Corporation, an automotive parts manufacturer, where he served from 1996 to 2000, and as Chief Executive Officer at Tenneco Automotive, also an automotive parts manufacturer, where he was employed from 1987 to

1996. Mr. Snell served as a Director of Schneider National, Inc., a multi-national trucking company, and as a member of their Compensation and Governance Committees from 1996 to 2011.

**B. Executive Officers**

Information regarding our executive officers is set forth in Item 1 of Part I of this Annual Report on Form 10-K under the heading “Executive Officers of the Registrant.”

There are no family relationships between any of our directors or executive officers.

**C. Section 16(a) Beneficial Ownership Reporting Compliance and Corporate Governance**

The information required by Item 10 with respect to compliance with reporting requirements is incorporated herein by reference to the sections labeled “Section 16(a) Beneficial Ownership Reporting Compliance” and “Proposal No. 1 — Election of Directors — Corporate Governance,” which appear in CVG’s 2012 Proxy Statement.

**Item 11. Executive Compensation**

The information required by Item 11 is incorporated herein by reference to the sections labeled “Executive Compensation — 2011 Director Compensation Table” and “Executive Compensation” and “Proposal No. 1 — Election of Directors — Corporate Governance,” which appear in CVG’s 2012 Proxy Statement including information under the heading “Compensation Discussion and Analysis.”

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Options to purchase common shares of our common stock have been granted to certain of our executives and key employees under our amended and restated equity incentive plan and our management stock option plan. The following table summarizes the number of stock options granted, net of forfeitures and exercises, and shares of restricted stock awarded and issued, net of forfeitures and shares on which restrictions have lapsed, the weighted-average exercise price of such stock options and the number of securities remaining to be issued under all outstanding equity compensation plans as of December 31, 2011:

	<u>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</u>
Equity compensation plans approved by security holders:			
Fourth Amended and Restated Equity Incentive Plan . . . . .	469,351(1)	\$15.84	1,269,163
Management Stock Option Plan . . . . .	6,793	\$ 5.54	—
Equity compensation plans not approved by stockholders . . . . .	—	—	—
Total . . . . .	<u>476,144</u>	<u>\$15.69</u>	<u>1,269,163</u>

(1) Includes options granted under our Fourth Amended and Restated Equity Incentive Plan. Does not include 3,009,150 shares of restricted stock granted under our Fourth Amended and Restated Equity Incentive Plan, of which 892,928 shares had not vested as of December 31, 2011.

The information required by Item 12 is incorporated herein by reference to the section labeled “Security Ownership of Certain Beneficial Owners and Management,” which appears in CVG’s 2012 Proxy Statement.

**Item 13. *Certain Relationships, Related Transactions and Director Independence***

The information required by Item 13 is incorporated herein by reference to the sections labeled “Certain Relationships and Related Transactions” and “Proposal No. 1 — Election of Directors — Corporate Governance,” which appear in CVG’s 2012 Proxy Statement.

**Item 14. *Principal Accountant Fees and Services***

The information required by Item 14 is incorporated herein by reference to the section labeled “Proposal No. 3 — Ratification of Appointment of the Independent Registered Public Accounting Firm,” which appears in CVG’s 2012 Proxy Statement.

**PART IV**

**Item 15. Exhibits and Financial Statements Schedules**

**(1) LIST OF FINANCIAL STATEMENT SCHEDULES**

The following financial statement schedule of the Corporation and its subsidiaries is included herein:

**Schedule II — Valuation and Qualifying Accounts and Reserves.**

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**SCHEDULE II: VALUATION AND QUALIFYING ACCOUNTS**  
**December 31, 2011, 2010 and 2009**

***Allowance for Doubtful Accounts:***

The transactions in the allowance for doubtful account for the years ended December 31 were as follows (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Balance — Beginning of the year . . . . .	\$ 2,717	\$ 1,812	\$ 3,419
Provisions . . . . .	4,324	4,278	2,678
Utilizations . . . . .	(4,585)	(3,405)	(4,280)
Acquisitions recorded . . . . .	1,459	—	—
Currency translation adjustment . . . . .	(48)	32	(5)
Balance — End of the year . . . . .	<u>\$ 3,867</u>	<u>\$ 2,717</u>	<u>\$ 1,812</u>

***Valuation Allowance:***

The transactions in the valuation allowance for deferred taxes for the years ended December 31 were as follows (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Balance — Beginning of the year . . . . .	\$69,099	\$55,517	\$44,553
Provisions . . . . .	1,185	13,582	10,964
Utilizations . . . . .	(920)	—	—
Balance — End of the year . . . . .	<u>\$69,364</u>	<u>\$69,099</u>	<u>\$55,517</u>

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

**(2) LIST OF EXHIBITS**

The following exhibits are either included in this report or incorporated herein by reference as indicated below:



## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement of Purchase and Sale, dated February 7, 2004, by and among, CVG Acquisition LLC, Mayflower Vehicle Systems, Inc., Mayflower Vehicle Systems Michigan, Inc., Wayne Stamping and Assembly LLC and Wayne-Orrville Investments LLC (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 15, 2005).
2.2	Stock Purchase Agreement, dated as of June 3, 2005, by and between Monona Holdings LLC and Commercial Vehicle Group, Inc. (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on June 8, 2005).
2.3	Stock Purchase Agreement, dated as of August 8, 2005, by and between Trim Systems, Inc., Cabarrus Plastics, Inc. and the Shareholders listed therein (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890) filed on August 12, 2005).
2.4**	Asset Purchase Agreement, dated as of January 28, 2011, by and among CVG Alabama LLC and Bostrom Seating, Inc.
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's quarterly report on Form 10-Q (File No. 000-50890), filed on September 17, 2004).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated as of May 12, 2011 (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on May 13, 2011).
3.3	Amended and Restated By-laws of the Company (incorporated by reference to the Company's quarterly report on Form 10-Q (File No. 000-50890), filed on September 17, 2004).
3.4	Certificate of Designations of Series A Preferred Stock (included as Exhibit A to the Rights Agreement incorporated by reference to Exhibit 4.8) (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 22, 2009).
4.1	Indenture, dated as of July 6, 2005, among the Company, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee, with respect to 8.0% senior notes due 2013 (incorporated herein by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on July 8, 2005).
4.2	Supplemental Indenture, dated as of August 10, 2005, by and among the Company, Cabarrus Plastics, Inc., the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890) filed on August 12, 2005).
4.3	Supplemental Indenture, dated as of November 10, 2006, among the Company, CVG European Holdings, LLC, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 13, 2007).
4.4	Supplemental Indenture, dated as of November 28, 2007, by and among the Company, CVG Oregon, LLC, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference in the Company's annual report on Form 10-K (File No. 000-50890), filed on March 14, 2008).
4.5	Supplemental Indenture, dated as of January 7, 2009, by and among the Company, CVG CS LLC, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on January 8, 2009).

<u>Exhibit No.</u>	<u>Description</u>
4.6	Supplemental Indenture, dated as of January 27, 2011, by and among the Company, CVG Alabama LLC, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's annual report on Form 10-K (File No. 001-34365), filed on March 15, 2011).
4.7	Supplemental Indenture, dated as of April 21, 2011, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 27, 2011).
4.8	Registration Rights Agreement, dated July 6, 2005, among the Company, the subsidiary guarantors party thereto and the purchasers named therein (incorporated herein by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on July 8, 2005).
4.9	Form of senior note (attached as exhibit to Exhibit 4.1) (incorporated herein by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on July 8, 2005).
4.10	Commercial Vehicle Group, Inc. Rights Agreement, dated as of May 21, 2009, by and between the Company and Computershare Trust Company, N.A. (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 22, 2009).
4.11	Form of Rights Certificate (included as Exhibit B to the Rights Agreement) (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 22, 2009).
4.12	Form of Summary of Rights to Purchase (included as Exhibit C to the Rights Agreement) (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 22, 2009).
4.13	Commercial Vehicle Group, Inc. Amendment No. 1 to Rights Agreement, dated as of March 9, 2011, by and between the Company and Computershare Trust Company, N.A. (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on March 9, 2011).
4.14	Form of Certificate of Common Stock of the Company (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-115708)).
4.15	Indenture, dated as of August 4, 2009, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on August 5, 2009).
4.16	Supplemental Indenture, dated as of April 21, 2011, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank National Association (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 27, 2011).
4.17	Security Agreement, dated as of August 4, 2009, by and among the Company, the subsidiaries party thereto and U.S. Bank National Association, as third lien collateral agent (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on August 5, 2009).
4.18	Warrant and Unit Agreement, dated as of August 4, 2009, by and between the Company and U.S. Bank National Association, as warrant agent and unit agent (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on August 5, 2009).
4.19	Indenture, dated as of April 26, 2011, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee, with respect to 7.875% senior secured notes due 2019 (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 28, 2011).
4.20	Registration Rights Agreement, dated as of April 26, 2011, by and among the Company, the guarantors party thereto and Credit Suisse Securities (USA) LLC (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 28, 2011).

<u>Exhibit No.</u>	<u>Description</u>
10.1	Loan and Security Agreement, dated January 7, 2009, by and among Commercial Vehicle Group, Inc. and certain of its direct and indirect U.S. subsidiaries, as borrowers, and Bank of America, N.A., as agent and lender (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on January 8, 2009).
10.2	Amendment No. 1, dated as of March 12, 2009, to Loan and Security Agreement, dated as of January 7, 2009, by and among Commercial Vehicle Group, Inc. and certain of its direct and indirect U.S. subsidiaries, as borrowers, and Bank of America, N.A., as agent and lender (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on March 12, 2009).
10.3	Consent and Amendment No. 2, dated as of August 4, 2009, to Loan and Security Agreement, dated as of January 7, 2009, by and among the Company, certain of the Company's subsidiaries, as borrowers, and Bank of America, N.A. as agent and lender (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on August 5, 2009).
10.4	Amendment No. 3, dated as of September 7, 2010, to Loan and Security Agreement, dated as of January 7, 2009, by and among the Company, certain of the Company's subsidiaries, as borrowers, and Bank of America, N.A. as agent and lender (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on September 7, 2010).
10.5	Amended and Restated Loan and Security Agreement, dated as of April 26, 2011, by and among the Company and certain of its subsidiaries, as borrowers, and Bank of America, N.A., as agent and lender (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 28, 2011).
10.6	Intercreditor Agreement, dated as of April 26, 2011, by and among the Company, certain of its subsidiaries, Bank of America, N.A., as first lien administrative agent and first lien collateral agent for the First Priority Secured Parties, and U.S. Bank National Association, as trustee and second priority agent for the Second Priority Secured Parties (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on April 28, 2011).
10.7	Commercial Vehicle Group, Inc. Fourth Amended and Restated Equity Incentive Plan (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on May 13, 2011).
10.8*	Bostrom Holding, Inc. Management Stock Option Plan (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-15708), filed on May 21, 2004).
10.9*	Form of Grant of Nonqualified Stock Option pursuant to the Bostrom Holding, Inc. Management Stock Option Plan (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-15708), filed on May 21, 2004).
10.10*	Form of Grant of Nonqualified Stock Option pursuant to the Commercial Vehicle Group, Inc. Third Amended and Restated Equity Incentive Plan (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 15, 2005).
10.11	Form of Non-Competition Agreement (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-15708), filed on May 21, 2004).
10.12	Registration Agreement, dated October 5, 2000, by and among Bostrom Holding, Inc. and the investors listed on Schedule A attached thereto (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-15708), filed on May 21, 2004).
10.13	Joinder to Registration Agreement, dated as of March 28, 2003, by and among Bostrom Holding, Inc. and J2R Partners VI, CVS Partners, LP and CVS Executive Investco LLC (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-15708), filed on May 21, 2004).

<u>Exhibit No.</u>	<u>Description</u>
10.14	Joinder to the Registration Agreement, dated as of May 20, 2004, by and among Commercial Vehicle Group, Inc. and the prior stockholders of Trim Systems (incorporated by reference to the Company's quarterly report on Form 10-Q (File No. 000-50890), filed on September 17, 2004).
10.15*	Commercial Vehicle Group, Inc. 2007 Bonus Plan (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on March 9, 2007).
10.16*	Commercial Vehicle Group, Inc. 2008 Bonus Plan (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on March 25, 2008).
10.17*	First Amendment to Commercial Vehicle Group, Inc. 2008 Bonus Plan dated November 5, 2008 (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.18*	Commercial Vehicle Group, Inc. 2011 Bonus Plan (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on February 28, 2011).
10.19*	Commercial Vehicle Group, Inc. 2012 Bonus Plan (incorporated by reference to the Company's current report on Form 8-K (File No. 001-34365), filed on March 9, 2012).
10.20*	Service Agreement, dated March 1, 1993, between Motor Panels (Coventry) Plc and William Gordon Boyd (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-125626), filed on June 8, 2005).
10.21*	Assignment and Assumption Agreement, dated as of June 1, 2004, between Mayflower Vehicle Systems PLC and Mayflower Vehicle Systems, Inc. (incorporated by reference to the Company's registration statement on Form S-1 (File No. 333-125626), filed on June 8, 2005).
10.22*	Form of Restricted Stock Agreement pursuant to the Commercial Vehicle Group, Inc. Third Amended and Restated Equity Incentive Plan (incorporated by reference to amendment no. 1 to the Company's registration statement on Form S-4 (File No. 333-129368), filed on December 1, 2005).
10.23*	Change in Control & Non-Competition Agreement dated April 5, 2006 with Mervin Dunn (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on April 7, 2006).
10.24*	Change in Control & Non-Competition Agreement dated April 5, 2006 with Gerald L. Armstrong (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on April 7, 2006).
10.25*	Change in Control & Non-Competition Agreement dated April 5, 2006 with Chad M. Utrup (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on April 7, 2006).
10.26*	Change in Control & Non-Competition Agreement dated April 5, 2006 with James F. Williams (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on April 7, 2006).
10.27*	Change in Control & Non-Competition Agreement dated May 22, 2007 with Kevin R.L. Frailey (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 25, 2007).
10.28*	Change in Control & Non-Competition Agreement dated May 22, 2007 with William Gordon Boyd (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on May 25, 2007).
10.29*	First Amendment to Change in Control & Non-Competition Agreement dated November 5, 2008 with Mervin Dunn (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).

<u>Exhibit No.</u>	<u>Description</u>
10.30*	First Amendment to Change in Control & Non-Competition Agreement dated November 5, 2008 with Gerald L. Armstrong (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.31*	First Amendment to Change in Control & Non-Competition Agreement dated November 5, 2008 with Chad M. Utrup (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.32*	First Amendment to Change in Control & Non-Competition Agreement dated November 5, 2008 with Kevin R.L. Frailey (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.33*	First Amendment to Change in Control & Non-Competition Agreement dated November 5, 2008 with James F. Williams (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.34*	First Amendment to Change in Control & Non-Competition Agreement dated March 9, 2012 with William Gordon Boyd.
10.35*	Amended and Restated Deferred Compensation Plan dated November 5, 2008 (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 16, 2009).
10.36	Form of indemnification agreement with directors and executive officers (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 14, 2008).
10.37*	Terms and conditions of employment for executive officers (incorporated by reference to the Company's annual report on Form 10-K (File No. 000-50890), filed on March 14, 2008).
12.1	Computation of ratio of earnings to fixed charges.
21.1	Subsidiaries of Commercial Vehicle Group, Inc.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification by Mervin Dunn, President and Chief Executive Officer.
31.2	Certification by Chad M. Utrup, Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

\* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report on Form 10-K.

\*\* The schedules and exhibits to the Asset Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S — K. The Company will furnish supplementally a copy of any such omitted schedules or exhibits to the SEC upon request.

All other items included in an Annual Report on Form 10-K are omitted because they are not applicable or the answers thereto are none.





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