

Commercial Vehicle Group, Inc.

Form DEF 14A

April 03, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Commercial Vehicle Group, Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**COMMERCIAL VEHICLE GROUP, INC.**

**7800 Walton Parkway  
New Albany, Ohio 43054  
Telephone: (614) 289-5360**

April 3, 2009

Dear Stockholder:

You are cordially invited to attend our 2009 Annual Meeting of Stockholders, which will be held on Thursday, May 14, 2009, at 1:00 p.m. (Eastern Time) at the Company's headquarters located at 7800 Walton Parkway, New Albany, OH 43054. With this letter, we have enclosed a copy of our 2008 Annual Report on Form 10-K, notice of annual meeting of stockholders, proxy statement and proxy card. These materials provide further information concerning the annual meeting. If you would like another copy of the 2008 Annual Report, please contact Chad M. Utrup, Chief Financial Officer, and one will be mailed to you.

At this year's annual meeting, the agenda includes the election of certain directors, approval of our Third Amended and Restated Equity Incentive Plan and a proposal to ratify the appointment of our independent registered public accounting firm. The Board of Directors recommends that you vote FOR election of the slate of nominees for directors, FOR our Third Amended and Restated Equity Incentive Plan and FOR ratification of appointment of the independent registered public accounting firm. We will also report on current business conditions and our recent developments. Members of the Board of Directors and our executive officers will be present to discuss the affairs of the Company and to answer any questions you may have.

It is important that your shares be represented and voted at the annual meeting, regardless of the size of your holdings. Accordingly, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope to ensure your shares will be represented. If you do attend the annual meeting, you may, of course, withdraw your proxy should you wish to vote in person.

We look forward to seeing you at the annual meeting.

Sincerely,

Mervin Dunn  
*President and Chief Executive Officer*

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**COMMERCIAL VEHICLE GROUP, INC.**  
**7800 Walton Parkway**  
**New Albany, Ohio 43054**  
**Telephone: (614) 289-5360**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**May 14, 2009**  
**1:00 p.m. Eastern Time**

The 2009 Annual Meeting of Stockholders of Commercial Vehicle Group, Inc. will be held on Thursday, May 14, 2009, at 1:00 p.m. (Eastern Time), at the Company's headquarters located at 7800 Walton Parkway, New Albany, OH 43054.

The annual meeting is being held for the following purposes:

1. To elect three Class II Directors named in the proxy statement to serve until the annual meeting of stockholders in 2012 and until their successors are duly elected and qualified or until their earlier removal or resignation (the Board of Directors recommends a vote FOR the nominees named in the attached proxy statement proposal);
2. To approve our Third Amended and Restated Equity Incentive Plan (the Board of Directors recommends a vote FOR this proposal);
3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of Commercial Vehicle Group, Inc. for the fiscal year ending December 31, 2009 (the Board of Directors recommends a vote FOR this proposal); and
4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

These items are fully discussed in the following pages, which are made part of this notice. Only stockholders of record at the close of business on March 18, 2009, will be entitled to vote at the annual meeting.

Enclosed with this Notice of Annual Meeting of Stockholders is a proxy statement, related proxy card with a return envelope and our 2008 Annual Report on Form 10-K. The 2008 Annual Report on Form 10-K contains financial and other information that is not incorporated into the proxy statement and is not deemed to be a part of the proxy soliciting material.

By Order of the Board of Directors

Chad M. Utrup  
*Chief Financial Officer*

April 3, 2009

**Even if you expect to attend the Annual Meeting, please promptly complete, sign, date and mail the enclosed proxy card. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the**

**united states. Stockholders who attend the annual meeting may revoke their proxies and vote in person if they so desire.**

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COMMERCIAL VEHICLE GROUP, INC.

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**QUESTIONS AND ANSWERS ABOUT VOTING**

**Q: Why did you send me this proxy statement?**

**A:** This proxy statement is being sent to you because our Board of Directors is soliciting your proxy to vote at the 2009 Annual Meeting of Stockholders. This proxy statement includes information required to be disclosed to you in connection with our solicitation of proxies in connection with the annual meeting. Stockholders of record as of the close of business on March 18, 2009 are entitled to vote. This proxy statement and the related proxy card are first being sent on or about April 3, 2009 to those persons who are entitled to vote at the annual meeting.

**Q: How many votes do I have?**

**A:** Each share of our common stock that you own entitles you to one vote.

**Q: How do I vote?**

**A:** You can vote on matters presented at the annual meeting in three ways:

1. You can vote by filling out, signing and dating your proxy card and returning it in the enclosed envelope, OR
2. You can vote over the internet or by telephone, OR
3. You can attend the annual meeting and vote in person.

**Q: How do I vote by proxy?**

**A:** If you properly fill out your proxy card and send it to us in time to vote, your shares will be voted as you have directed. If you do not specify a choice on your proxy card, the shares represented by your proxy card will be voted for the election of all nominees named in this proxy statement, for the Third Amended and Restated Equity Incentive Plan and for the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2009 fiscal year.

Whether or not you plan to attend the annual meeting, we urge you to complete, sign, date and return your proxy card in the enclosed envelope. Returning the proxy card will not affect your right to attend the annual meeting and vote in person.

**Q: How do I vote in person?**

**A:** If you attend the annual meeting, we will give you a ballot when you arrive.

**Q: Who can attend the meeting?**

**A:** All stockholders as of the record date, or their duly appointed proxies, may attend the meeting upon presentation of proper identification. Registration and seating will begin at 12:30 p.m., Eastern time. Cameras, recording devices and other electronic devices will not be permitted at the meeting. You may obtain directions to the meeting place by calling our corporate offices at (614) 289-5360.

Please note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of your voting instruction card or a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

**A:** Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares.

**Q: Can I change my vote or revoke my proxy after I have mailed my proxy card?**

**A:** You can change your vote at any time before your proxy is voted at the annual meeting. You can do this in one of three ways. First, you can send a written notice to the Chief Financial Officer at our headquarters stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card. Third, you can attend the annual meeting and vote in person. Simply attending a meeting, however, will not revoke your proxy. If you

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have instructed a broker to vote your shares, you must follow the directions you received from your broker to change your vote.

**Q: Will there be any matters voted upon at the annual meeting other than those specified in the Notice of Annual Meeting?**

**A:** Our Board of Directors does not know of any matters other than those discussed in this proxy statement that will be presented at the annual meeting. If other matters are properly brought before the meeting and we do not have notice of these matters within a reasonable time prior to the annual meeting, all proxies will be voted in accordance with the recommendations of our Board of Directors.

**Q: How are votes counted?**

**A:** Stockholders of record of our common stock as of the close of business on March 18, 2009 are entitled to vote at the annual meeting. As of March 18, 2009, there were 22,809,593 shares of common stock outstanding. The presence in person or by proxy of a majority of the outstanding shares of common stock will constitute a quorum for the transaction of business. Each share of common stock is entitled to one vote on each matter to come before the annual meeting.

Under Delaware law, if you have returned a valid proxy or attend the meeting in person, but abstain from voting, your stock will nevertheless be treated as present and entitled to vote. Your stock, therefore, will be counted in determining the existence of a quorum and, even though you have abstained from voting, will have the effect of a vote against any matter requiring the affirmative vote of a majority of the shares present and entitled to vote at the annual meeting, such as approval of the Third Amended and Restated Equity Incentive Plan and the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2009 fiscal year.

Under Delaware law, broker non-votes are also counted for purposes of determining whether a quorum is present, but are not counted in determining whether a matter requiring a majority of the shares present and entitled to vote has been approved or whether a plurality of the vote of the shares present and entitled to vote has been cast.

**Q: How are proxies being solicited and who pays for the solicitation of proxies?**

**A:** Initially, we will solicit proxies by mail. Our directors, officers and employees may also solicit proxies in person or by telephone without additional compensation. We will pay all expenses of solicitation of proxies.

**Q: Can I access this proxy statement and CVG's 2008 Annual Report on Form 10-K electronically?**

**A:** The proxy statement and our Annual Report on Form 10-K are available on our website at [www.cvgrp.com/proxy](http://www.cvgrp.com/proxy).

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 14, 2009  
This proxy statement and our 2008 Annual Report are available at [www.cvgrp.com/proxy](http://www.cvgrp.com/proxy).**



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**PROXY STATEMENT**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the Board) of Commercial Vehicle Group, Inc., a Delaware corporation (CVG), of proxies for use in voting at the Annual Meeting of Stockholders scheduled to be held on May 14, 2009 and at any postponement or adjournment thereof. This Proxy Statement and the related proxy card are being mailed to holders of our common stock, commencing on or about April 3, 2009. References in this Proxy Statement to Company, we, our, or us refer to CVG, unless otherwise noted.

**Voting and Revocability of Proxies**

When proxies are properly dated, executed and returned, the shares they represent will be voted as directed by the stockholder on all matters properly coming before the annual meeting.

Where specific choices are not indicated on a valid proxy, the shares represented by such proxies received will be voted:

1. FOR the nominees for directors named in this Proxy Statement;
2. FOR the approval of the Third Amended and Restated Equity Incentive Plan; and
3. FOR the ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2009 in accordance with the best judgment of the persons named in the enclosed proxy, or their substitutes.

In addition, if other matters come before the annual meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters.

Returning your completed proxy will not prevent you from voting in person at the annual meeting should you be present and desire to do so. In addition, the proxy may be revoked at any time prior to its exercise either by giving written notice to our Chief Financial Officer prior to the annual meeting or by submission of a later-dated proxy.

At the annual meeting, inspectors of election shall determine the presence of a quorum and shall tabulate the results of the stockholders' voting. The presence of a quorum is required to transact the business proposed to be transacted at the annual meeting. The presence in person or by proxy of holders of a majority of the outstanding shares of common stock entitled to vote will constitute the necessary quorum for any business to be transacted at the annual meeting. In accordance with the General Corporation Law of the State of Delaware (the DGCL), properly executed proxies marked abstain as well as proxies held in street name by brokers that are not voted on all proposals to come before the annual meeting (broker non-votes), will be considered present for the purposes of determining whether a quorum has been achieved at the annual meeting.

The three nominees for director receiving the greatest number of votes cast at the annual meeting in person or by proxy shall be elected. Consequently, any shares of common stock present in person or by proxy at the annual meeting but not voted for any reason have no impact in the election of directors, except to the extent that the failure to vote for an individual may result in another individual receiving a larger number of votes. Stockholders have no right to cumulative voting as to any matter, including the election of directors. All other matters to be considered at the annual meeting require the favorable vote of a majority of the shares entitled to vote at the meeting either in person or by proxy. If any proposal at the annual meeting must receive a specific percentage of favorable votes for approval,

abstentions in respect of such proposal are treated as present and entitled to vote under the DGCL and, therefore, have the effect of a vote against such proposal. Broker non-votes in respect of any proposal are not counted for purposes of determining whether such proposal has received the requisite approval under the DGCL.

**Record Date and Share Ownership**

Only stockholders of record of the common stock on our books at the close of business on March 18, 2009 will be entitled to vote at the annual meeting. On that date, we had 22,809,593 shares of common stock outstanding. A list of our stockholders will be open to the examination of any stockholders, for any purpose germane to the

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meeting, at our headquarters for a period of ten (10) days prior to the meeting. Each share of common stock entitles the holder thereof to one vote on all matters submitted to stockholders.

**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

The Board currently consists of eight directors and is divided into three classes and the term of each class expires in a different year. At the annual meeting, three directors are to be elected as members of Class II to serve until the annual meeting in 2012 and until their successors are elected and qualified or until their earlier removal or resignation. The Board has nominated three nominees set forth below, each of whom has agreed to serve as a director if elected and each of whom has been nominated by the Nominating and Corporate Governance Committee. Each nominee currently serves as a director of CVG. In the event any nominee is unable or unwilling to serve as a director at the time of the annual meeting (which events are not anticipated), the persons named on the enclosed proxy card may substitute another person as a nominee or may add or reduce the number of nominees to such extent as they shall deem advisable.

Subject to rights of holders of any series of preferred stock to fill newly created directorships or vacancies, any newly created directorships resulting from an increase in the authorized number of directors or any vacancies on the Board resulting from death, resignation, disqualification or removal for cause shall be filled by the Board provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director.

Information regarding our director nominees and our directors not subject to reelection at the annual meeting is set forth below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Scott D. Rued(4)	52	Chairman and Director
Mervin Dunn	55	President, Chief Executive Officer and Director
Scott C. Arves(1)(2)(4)	52	Director
David R. Bovee(2)(4)	60	Director
Robert C. Griffin(2)(3)(4)	61	Director
S.A. Johnson(1)(3)(4)	68	Director
John W. Kessler(1)(3)(4)	73	Director
Richard A. Snell(1)(4)	67	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Nominating and Corporate Governance Committee.

(4) Independent Director as defined in Rule 4200(a)(15) of the NASDAQ marketplace rules.

There are no family relationships between or among any of our directors or executive officers. Stock ownership information is shown under the heading "Security Ownership of Certain Beneficial Owners and Management" and is based upon information furnished by the respective individuals.

**Class II Directors    Director Nominees**

*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



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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.

*S.A. ( Tony ) Johnson* has served as a Director since September 2000. Mr. Johnson is currently a Managing Partner of OG Partners, a private industrial management company, and has served in that capacity since 2004. Mr. Johnson served as the Chairman of Hidden Creek from May 2001 to May 2004 and from 1989 to May 2001 was its Chief Executive Officer and President. Prior to forming Hidden Creek, Mr. Johnson served from 1985 to 1989 as Chief Operating Officer of Pentair, Inc., a diversified industrial company. Mr. Johnson also currently serves as a Director of Cooper-Standard Automotive, Inc.

*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 and the Greater Columbus Chamber of Commerce. Mr. Kessler also currently serves as a director of Abercrombie & Fitch Co. and The John Glenn School of Public Affairs.

## **Directors Continuing in Office**

### **Class I Directors**

*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, when Mr. Bovee was no longer affiliated with that company, 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.

*Scott D. Rued* has served as a Director since February 2001 and Chairman since April 2002. Since August 2003, Mr. Rued has served as a Managing Partner of Thayer Hidden Creek ( Thayer ). Prior to joining Thayer, Mr. Rued served as President and Chief Executive Officer of Hidden Creek Industries ( Hidden Creek ) from May 2000 to August 2003. From January 1994 through April 2000, Mr. Rued served as Executive Vice President and Chief Financial Officer of Hidden Creek.

The terms of Messrs. Bovee and Rued expire at the 2011 Annual Meeting.

### **Class III 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.

*Robert C. Griffin* has served as a Director since July 2005. Mr. Griffin has held numerous positions of responsibility in the financial sector, including Head of Investment Banking, Americas and Management Committee Member for Barclay s Capital from 2000 to 2002, and prior to that as the Global Head of Financial Sponsor Coverage for Bank of America Securities from 1998 to 2000 and Group Executive Vice President of Bank of America from 1997 to 1998. Mr. Griffin also currently serves as a Director of Builders FirstSource, Inc. and Sunair Services Corporation.

*Richard A. Snell* has served as a Director since August 2004. Mr. Snell has served as Chairman and Chief Executive Officer of Qualitor, Inc. since May 2005 and as an Operating Partner at Thayer Hidden Creek since 2003. Prior to joining Thayer Hidden Creek, Mr. Snell was a consultant from 2000 to 2003 and prior thereto, served as Chairman and Chief Executive Officer of Federal-Mogul Corporation, an automotive parts manufacturer, from 1996 to 2000. Prior to joining Federal-Mogul Corporation, Mr. Snell served as Chief Executive Officer at Tenneco Automotive, also an automotive parts manufacturer. Mr. Snell also currently serves as a Director of Schneider National, Inc.

The terms of Messrs. Arves, Griffin and Snell expire at the 2010 Annual Meeting.

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### **Corporate Governance**

#### *Independence of Directors*

The Board of Directors has determined that Messrs. Arves, Bovee, Griffin, Johnson, Kessler, Rued and Snell are independent directors, as independence is defined in Rule 4200(a)(15) of the NASDAQ Stock Market LLC (NASDAQ) marketplace rules. The Board has not adopted categorical standards in making its determination of independence and instead relies on standards set forth in the NASDAQ marketplace rules. In making this determination, the Board considered all provisions of the definition in the standards set forth in the NASDAQ marketplace rules, and in Mr. Rued's case, that Mr. Rued is Chairman of the Board of Group Transportation Services Holdings, Inc. (GTS) and Managing Partner of the controlling shareholder of GTS. GTS is a third party logistics and freight management company that manages a portion of our freight and logistics program and administers our payments to additional third-party service providers. For the year ended December 31, 2008, we made payments to GTS of approximately \$9.5 million, which consisted primarily of payments from us for other third-party service providers, and the balance of which consisted of approximately \$0.3 million of fees for GTS's services. These fees represented less than 1.0% of GTS's revenues for 2008. Accordingly, the Board determined that this was not a material business relationship between Mr. Rued and CVG and determined that Mr. Rued is an independent director. Each member of the Audit Committee of the Board meets the heightened independence standards required for audit committee members under the NASDAQ marketplace rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

#### *Meetings of the Board and its Committees*

The Board held five meetings during fiscal 2008. The Board currently has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each director is expected to attend each meeting of the Board and those committees on which he serves. In addition to meetings, the Board and its committees review and act upon matters through written consent procedures. Each of the directors attended 100% of the total number of meetings of the Board that were held during the period for which he has been a director, and 90% or more of the total number of meetings held by all committees of the Board on which he served during the periods that he served, except that Mr. Johnson was unable to attend the meetings of the compensation committee and nominating and corporate governance committee held in November 2008 after his appointment to those committees in August 2008, and Mr. Snell was unable to attend one of the five meetings of the compensation committee held in 2008 and one of two meetings of the nominating and corporate governance committee held in 2008.

The Board of Directors has a policy that members of the Board of Directors are encouraged to attend the annual meetings of stockholders. All of the directors who were then serving on the Board attended the 2008 Annual Meeting of Stockholders.

#### *Audit Committee*

Our Audit Committee is comprised of Messrs. Arves, Bovee (Chairman) and Griffin, of whom all are independent under the heightened independence standard required for audit committee members by the NASDAQ marketplace rules and Rule 10A-3 under the Exchange Act. Mr. Bovee has been named as our audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K. The Audit Committee is responsible for: (1) the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm engaged for the purpose of preparing and issuing an audit report; (2) reviewing the independence of the independent registered public accounting firm and taking, or recommending that our Board of Directors take, appropriate action to

oversee their independence; (3) approving, in advance, all audit and non-audit services to be performed by the independent registered public accounting firm; (4) overseeing our accounting and financial reporting processes and the audits of our financial statements; (5) establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal control or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; (6) engaging independent counsel and other advisors as the Audit Committee deems necessary; (7) determining compensation of the independent registered public accounting firm, compensation of advisors hired by the

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Audit Committee and ordinary administrative expenses; (8) reviewing and assessing the adequacy of our formal written charter on an annual basis; and (9) handling such other matters that are specifically delegated to the audit committee by our Board of Directors from time to time. Our Board of Directors adopted a written charter for our Audit Committee, which is posted on our web site at [www.cvgrp.com](http://www.cvgrp.com). Deloitte & Touche LLP currently serves as our independent registered public accounting firm. The Audit Committee met eight times during fiscal 2008.

### *Compensation Committee*

Our Compensation Committee is comprised of Messrs. Arves, Johnson, Kessler and Snell (Chairman), of whom, all are independent, as independence is defined by Rule 4200(a)(15) of the NASDAQ marketplace rules. The Compensation Committee is responsible for: (1) determining, or recommending to our Board of Directors for determination, the compensation and benefits of all of our executive officers; (2) reviewing our compensation and benefit plans to ensure that they meet corporate objectives; (3) administering our stock plans and other incentive compensation plans; and (4) such other matters that are specifically delegated to the Compensation Committee by our Board of Directors from time to time. Our Board of Directors adopted a written charter for our Compensation Committee, which is posted on our web site at [www.cvgrp.com](http://www.cvgrp.com). The Compensation Committee met five times during fiscal 2008.

### *Compensation Committee Interaction with Compensation Consultants*

During 2007, the Compensation Committee engaged Pearl Meyer & Partners ( PM&P ) to assist with its review of the compensation programs for our executive officers and the preparation of various aspects of this proxy statement. Although the Compensation Committee retains PM&P, PM&P interacts with our executive officers when necessary and appropriate.

### *Compensation Committee Interaction With Management*

Certain of our executive officers, including the Chief Executive Officer, Chief Financial Officer and Vice President of Corporate Human Resources, may from time to time attend Compensation Committee meetings when executive compensation, company performance, team performance and individual performance are discussed and evaluated by Compensation Committee members. The executive officers are asked for their insights, ideas and recommendations on executive compensation matters during these meetings or at other times, and also provide updates on financial performance, mergers and acquisitions, industry status and other factors that may impact executive compensation.

The Board Chairman met with the Chief Executive Officer in the first quarter of 2009 to review his performance for 2008 based on a performance appraisal completed in December 2008 by all of the non-management Board members.

### *Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee consists of Messrs. Griffin (Chairman), Johnson and Kessler, of whom, all are independent, as independence is defined by Rule 4200(a)(15) of the NASDAQ marketplace rules. The Nominating and Corporate Governance Committee is responsible for: (1) selecting, or recommending to our Board of Directors for selection, nominees for election to our Board of Directors; (2) making recommendations to our Board of Directors regarding the size and composition of the Board, committee structure and makeup and retirement procedures affecting Board members; (3) monitoring our performance in meeting our obligations of fairness in internal and external matters and our principles of corporate governance; and (4) such other matters that are specifically delegated to the Nominating and Corporate Governance Committee by our Board of Directors from time to time. Our Board of Directors adopted a written charter for our Nominating and Corporate Governance Committee, which is posted on our web site at [www.cvgrp.com](http://www.cvgrp.com). The Nominating and Corporate Governance Committee met three

times during fiscal 2008.

The Nominating and Corporate Governance Committee will consider as potential nominees individuals properly recommended by stockholders. Recommendations concerning individuals proposed for consideration by the Nominating and Corporate Governance Committee should be addressed to Chad M. Utrup, Chief Financial

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Officer, Commercial Vehicle Group, Inc., 7800 Walton Parkway, New Albany, OH 43054. Each recommendation should include a personal biography of the suggested nominee, an indication of the background or experience that qualifies the person for consideration, and a statement that the person has agreed to serve if nominated and elected. Stockholders who themselves wish to effectively nominate a person for election to the Board of Directors, as contrasted with recommending a potential nominee to the Nominating and Corporate Governance Committee for its consideration, are required to comply with the advance notice and other requirements set forth in our by-laws.

The Nominating and Corporate Governance Committee has used, to date, an informal process to identify potential candidates for nomination as directors. Candidates for nomination have been recommended by an executive officer or director, and considered by the Nominating and Corporate Governance Committee and the Board of Directors. Generally, candidates have significant industry experience and have been known to one or more of the Board members. As noted above, the Nominating and Corporate Governance Committee considers properly submitted stockholder recommendations for candidates for the Board. The Nominating and Corporate Governance Committee has established criteria that identify desirable experience for prospective Board members, including experience as a senior officer in a public or substantial private company, breadth of knowledge about issues affecting CVG or its industry and expertise in finance, logistics, manufacturing or marketing. Desired personal attributes for prospective Board members include integrity and sound ethical character, absence of legal or regulatory impediments, absence of conflicts of interest, demonstrated track record of achievement, ability to act in an oversight capacity, appreciation for the issues confronting a public company, adequate time to devote to the Board and its committees and willingness to assume broad/fiduciary responsibilities on behalf of all stockholders. The Nominating and Corporate Governance Committee does not evaluate potential nominees for director differently based on whether they are recommended to the Nominating and Corporate Governance Committee by officers or directors of CVG or by a stockholder.

### *Communication with the Board of Directors*

Stockholders and other interested parties may communicate with the Board of Directors, including the independent directors, by sending written communications to the directors c/o Chad M. Utrup, Chief Financial Officer, Commercial Vehicle Group, Inc., 7800 Walton Parkway, New Albany, Ohio 43054. All such communications will be forwarded to the directors.

### *Company Code of Ethics*

The Board has adopted a Code of Ethics that applies to the Company's directors, officers and employees. A copy of the Code of Ethics is posted on our web site at [www.cvgrp.com](http://www.cvgrp.com). If we waive any provision of our Code of Ethics or change the Code of Ethics, we will disclose that fact on our website within four business days.

### *Insider Trading Policy*

In connection with our initial public offering, we adopted a corporate policy regarding insider trading and Section 16 reporting that applies to our directors, executive officers and employees. This policy prohibits trading in our common stock under certain circumstances, including while in possession of material, non-public information about us.

## **Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES NAMED ABOVE.**

## **Vote Required**

The three persons receiving the highest number of FOR votes represented by shares present in person or represented by proxy at the annual meeting will be elected.



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**PROPOSAL NO. 2 APPROVAL OF THE THIRD AMENDED AND  
RESTATED EQUITY INCENTIVE PLAN**

The Board has approved for submission to a vote of our stockholders our Third Amended and Restated Equity Incentive Plan, reflecting amendments to our Second Amended and Restated Equity Incentive Plan. An aggregate of 2,000,000 shares of our common stock were reserved for issuance under the Second Amended and Restated Equity Incentive Plan. We are now seeking stockholder approval to further amend the plan to increase the number of shares of common stock that may be issued under the plan from 2,000,000 shares to 3,200,000 shares.

This amendment is reflected in the Third Amended and Restated Equity Incentive Plan attached as Appendix A to this proxy statement.

As of March 18, 2009, options to purchase an aggregate of 475,851 shares of common stock, at an exercise price of \$15.84 per share, were outstanding under the Second Amended and Restated Equity Incentive Plan. As of March 18, 2009, 1,523,750 shares of common stock had been granted as restricted stock awards under the Second Amended and Restated Equity Incentive Plan, of which 1,063,178 shares have not vested. As of March 18, 2009, 24,097 shares remained available for issuance under the Second Amended and Restated Equity Incentive Plan. If stockholders approve the Third Amended and Restated Equity Incentive Plan, the number of shares of common stock remaining available for issuance under the plan would increase to 1,224,097 shares.

The Board believes that it is in our and our stockholders' interests to approve the Third Amended and Restated Equity Incentive Plan because it would provide sufficient shares remaining for issuance under the plan to allow the Compensation Committee to continue to award equity-based incentive compensation for our current and future directors, officers and employees.

For more information on securities authorized for issuance under our equity compensation plans as of March 18, 2009, please see Securities Authorized for Issuance Under Equity Compensation Plans.

**Description of the Third Amended and Restated Equity Incentive Plan**

The following is a summary of the Third Amended and Restated Equity Incentive Plan. This summary is qualified in its entirety by reference to the Third Amended and Restated Equity Incentive Plan, a copy of which is attached to this proxy statement as Appendix A.

In connection with our initial public offering, we adopted our Equity Incentive Plan, which was designed to enable us to attract, retain and motivate our directors, officers, employees and consultants, and to further align their interests with those of our stockholders, by providing for or increasing their ownership interests in our Company. On April 27, 2005, we amended and restated our Equity Incentive Plan (the Amended and Restated Equity Incentive Plan) to make certain technical amendments to make the plan compliant with Rule 409A of the Internal Revenue Code. On May 22, 2007, our stockholders approved another amendment and restatement of our Amended and Restated Equity Incentive Plan (the Second Amended and Restated Equity Incentive Plan) to increase the number of shares available under the plan from 1,000,000 to 2,000,000, as well as to eliminate reloadable stock options and to prohibit stock option repricing. On March 10, 2009, our Compensation Committee recommended and our Board approved, subject to stockholder approval, an additional amendment to the plan to increase the number of shares available under the plan (as amended, the Third Amended and Restated Equity Incentive Plan). If the Third Amended and Restated Equity Incentive Plan is approved by our stockholders, the number of shares available under the plan would increase from 2,000,000 to 3,200,000.

*Administration.* The Third Amended and Restated Equity Incentive Plan is administered by the Compensation Committee. Our Board may, however, at any time resolve to administer the Third Amended and Restated Equity Incentive Plan. Subject to the specific provisions of the Third Amended and Restated Equity Incentive Plan, the Compensation Committee is authorized to select persons to participate in the Third Amended and Restated Equity Incentive Plan, determine the form and substance of grants made under the Third Amended and Restated Equity Incentive Plan to each participant, and otherwise make all determinations for the administration of the Third Amended and Restated Equity Incentive Plan.

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*Participation.* Individuals who are eligible to participate in the Third Amended and Restated Equity Incentive Plan are our directors (including non-employee directors), officers (including non-employee officers) and employees and other individuals performing services for, or to whom an offer of employment has been extended by us, or our subsidiaries.

*Type of Awards.* The Third Amended and Restated Equity Incentive Plan provides for the issuance of stock options, stock appreciation rights, or SARs, restricted stock units, deferred stock units, dividend equivalents, other stock-based awards and performance awards. Performance awards may be based on the achievement of certain business or personal criteria or goals, as determined by the Compensation Committee.

*Available Shares.* If stockholders approve the Third Amended and Restated Equity Incentive Plan, an aggregate of 3,200,000 shares of our common stock will be reserved for issuance under the Third Amended and Restated Equity Incentive Plan, subject to certain adjustments reflecting changes in our capitalization. If any grant under the Third Amended and Restated Equity Incentive Plan expires or terminates unexercised, becomes unexercisable or is forfeited as to any shares, or is tendered or withheld as to any shares in payment of the exercise price of the grant or the taxes payable with respect to the exercise, then such unpurchased, forfeited, tendered or withheld shares will thereafter be available for further grants under the Third Amended and Restated Equity Incentive Plan. The Third Amended and Restated Equity Incentive Plan provides that the Compensation Committee shall not grant, in any one calendar year, to any one participant awards to purchase or acquire a number of shares of common stock in excess of 20% of the total number of shares authorized for issuance under the Third Amended and Restated Equity Incentive Plan.

*Option Grants.* Options granted under the Third Amended and Restated Equity Incentive Plan may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code or non-qualified stock options, as the Compensation Committee may determine. The exercise price per share for each option is established by the Compensation Committee, except that the exercise price may not be less than 100% of the fair market value of a share of common stock as of the date of grant of the option. In the case of the grant of any incentive stock option to an employee who, at the time of the grant, owns more than 10% of the total combined voting power of all of our classes of stock then outstanding, the exercise price may not be less than 110% of the fair market value of a share of common stock as of the date of grant of the option.

*Terms of Options.* The term during which each option may be exercised is determined by the Compensation Committee, but if required by the Internal Revenue Code and except as otherwise provided in the Third Amended and Restated Equity Incentive Plan, no option will be exercisable in whole or in part more than ten years from the date it is granted, and no incentive stock option granted to an employee who at the time of the grant owns more than 10% of the total combined voting power of all of our classes of stock will be exercisable more than five years from the date it is granted. All rights to purchase shares pursuant to an option will, unless sooner terminated, expire at the date designated by the Compensation Committee. The Compensation Committee determines the date on which each option will become exercisable and may provide that an option will become exercisable in installments. The shares constituting each installment may be purchased in whole or in part at any time after such installment becomes exercisable, subject to such minimum exercise requirements as may be designated by the Compensation Committee. Prior to the exercise of an option and delivery of the shares represented thereby, the optionee will have no rights as a stockholder, including any dividend or voting rights, with respect to any shares covered by such outstanding option. If required by the Internal Revenue Code, the aggregate fair market value, determined as of the grant date, of shares for which an incentive stock option is exercisable for the first time during any calendar year under our plans may not exceed \$100,000.

*Stock Appreciation Rights.* SARs entitle a participant to receive the amount by which the fair market value of a share of our common stock on the date of exercise exceeds the grant price of the SAR. The grant price and the term of a SAR will be determined by the Compensation Committee, except that the price of a SAR may never be less than the

fair market value of the shares of our common stock subject to the SAR on the date the SAR is granted.

*Termination of Options and SARs.* Unless otherwise determined by the Compensation Committee, and subject to certain exemptions and conditions, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for us for any reason other than death, disability, retirement or termination for cause, all of the participant's options and SARs that were exercisable on the date of such cessation will remain exercisable for,

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and will otherwise terminate at the end of, a period of 90 days after the date of such cessation. In the case of death or disability, all of the participant's options and SARs that were exercisable on the date of such death or disability will remain so for a period of 180 days from the date of such death or disability. In the case of retirement, all of the participant's options and SARs that were exercisable on the date of retirement will remain exercisable for, and shall otherwise terminate at the end of, a period of 90 days after the date of retirement. In the case of a termination for cause, or if a participant does not become a director, officer or employee of, or does not begin performing other services for us for any reason, all of the participant's options and SARs will expire and be forfeited immediately upon such cessation or non-commencement, whether or not then exercisable.

*Restricted Stock.* Restricted stock is a grant of shares of our common stock that may not be sold 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. A participant granted restricted stock generally has all of the rights of a stockholder, unless the Compensation Committee determines otherwise.

*Restricted Stock Units and Deferred Stock Units.* The Compensation Committee is authorized to grant restricted stock units. Each grant shall specify the applicable restrictions on such units and the duration of such restrictions. Restricted stock units are subject to forfeiture in the event of certain terminations of employment prior to the end of the restricted period. A participant may elect, under certain circumstances, to defer the receipt of all or a portion of the shares due with respect to the vesting of restricted stock units, and upon such deferral, the restricted stock units will be converted to deferred stock units. Deferral periods shall be no less than one year after the vesting date of the applicable restricted stock units. Deferred stock units are subject to forfeiture in the event of certain terminations of employment prior to the end of the deferral period. A holder of restricted stock units or deferred stock units does not have any rights as a stockholder except that the participant has the right to receive accumulated dividends or distributions with respect to the shares underlying such restricted stock units or deferred stock units.

*Dividend Equivalents.* Dividend equivalents confer the right to receive, currently or on a deferred basis, cash, shares of our common stock, other awards or other property equal in value to dividends paid on a specific number of shares of our common stock. Dividend equivalents may be granted alone or in connection with another award, and may be paid currently or on a deferred basis. If deferred, dividend equivalents may be deemed to have been reinvested in additional shares of our common stock.

*Other Stock-Based Awards.* The Compensation Committee is authorized to grant other awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of our common stock, under the Third Amended and Restated Equity Incentive Plan. These awards may include convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of common stock, purchase rights for shares of common stock, awards with value and payment contingent upon our performance as a company or any other factors designated by the Compensation Committee. The Compensation Committee will determine the terms and conditions of these awards.

*Performance Awards.* The Compensation Committee may subject a participant's right to exercise or receive a grant or settlement of an award, and the timing of the grant or settlement, to performance conditions specified by the Compensation Committee. The Compensation Committee will determine performance award terms, including the required levels of performance with respect to particular business criteria, the corresponding amounts payable upon achievement of those levels of performance, termination and forfeiture provisions and the form of settlement. In granting performance awards, the Compensation Committee may establish unfunded award pools, the amounts of which will be based upon the achievement of a performance goal or goals based on one or more business criteria. Business criteria might include, for example, total stockholder return, net income, pre-tax earnings, EBITDA, earnings per share, or return on investment. A performance award will be paid no later than two and one-half months after the last day of the tax year in which a performance period is completed.

*Amendment of Outstanding Awards and Amendment/Termination of Plan.* The Board of Directors or the Compensation Committee generally have the power and authority to amend or terminate the Third Amended and Restated Equity Incentive Plan at any time without approval from our stockholders. The Compensation Committee generally has the authority to amend the terms of any outstanding award under the plan, including, without limitation, to accelerate the dates on which awards become exercisable or vest, at any time without approval from our stockholders. No amendment will become effective without the prior approval of our stockholders if

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stockholder approval would be required by applicable law or regulations, including if required for continued compliance with the performance-based compensation exception of Section 162(m) of the Internal Revenue Code, under provisions of Section 422 of the Internal Revenue Code or by any listing requirement of the principal stock exchange on which our common stock is then listed. Neither the Board nor the Compensation Committee may amend the terms of any outstanding option award under the Third Amended and Restated Equity Incentive Plan to reduce the exercise price of outstanding options without prior stockholder approval. Unless previously terminated by the Board or the Compensation Committee, the Third Amended and Restated Equity Incentive Plan will terminate on the tenth anniversary of its adoption. No termination of the Third Amended and Restated Equity Incentive Plan will materially and adversely affect any of the rights or obligations of any person, without his or her written consent, under any grant of options or other incentives theretofore granted under the Third Amended and Restated Equity Incentive Plan.

### *Federal Income Tax Consequences.*

The following is a brief summary of the U.S. federal income tax rules relevant to participants in the Third Amended and Restated Equity Incentive Plan, based upon the Internal Revenue Code as currently in effect. These rules are highly technical and subject to change in the future. Because U.S. federal income tax consequences will vary as a result of individual circumstances, each participant should consult his or her personal tax advisor with regards to the tax consequences of participating in the Third Amended and Restated Equity Incentive Plan. Moreover, the following summary relates only to U.S. federal income tax treatment, and the state, local and foreign tax consequences may be substantially different.

*Options.* Stock options granted under the Third Amended and Restated Equity Incentive Plan may be either non-qualified options or incentive options for federal income tax purposes.

*Non-qualified Options.* Generally, a recipient of a non-qualified option award will not recognize any taxable income at the time of grant. Upon the exercise of the non-qualified portion, the recipient will recognize ordinary income, subject to wage and employment tax withholding, equal to the excess of the fair market value of the common stock acquired on the date of exercise over the exercise price. CVG will be entitled to a deduction equal to the recipient's ordinary income.

The recipient will have a capital gain or loss upon the subsequent sale of the stock in an amount equal to the sale price less the fair market value of the common stock on the date of exercise of the option. The capital gain or loss will be long- or short-term depending on whether the recipient has held the stock for more than one year after the exercise date. Short-term capital gains are generally subject to the same federal income tax rate as ordinary income; the maximum rate for the year 2009 is 35%. Long-term capital gains are generally subject to a maximum rate of 15% for noncorporate taxpayers for shares held for more than one year. CVG will not be entitled to a deduction for any capital gain realized by the recipient. Capital losses on the sale of common stock acquired upon an option's exercise may be used to offset capital gains. If capital losses exceed capital gains, then up to \$3,000 of the excess losses may be deducted from ordinary income by noncorporate taxpayers in any given tax year. Remaining capital losses may be carried forward to future tax years.

*Incentive Options.* Generally, if the recipient is awarded an option that qualifies as an incentive stock option under Section 422 of the Internal Revenue Code, he or she will not recognize any taxable income at the time of grant or exercise. However, the excess of the stock's fair market value at the time of exercise over the exercise price will be included in the recipient's alternative minimum taxable income and thereby may cause the recipient to be subject to, or may increase liability for, alternative minimum tax, which may be payable even if the recipient does not receive any cash upon the exercise of the option with which to pay the tax. When the shares are sold, the recipient will recognize long-term capital gain or loss, measured by the difference between the stock sale price and the exercise price, if the recipient meets the holding period requirements described below.

CVG will not be entitled to any deduction by reason of the grant or exercise of an incentive option or the sale of stock received upon exercise after the required holding periods have been satisfied. If the recipient does not satisfy the required holding periods before selling the shares and consequently recognizes ordinary income, CVG will be allowed a deduction corresponding to the recipient's ordinary income.



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*Effect on Options of Rule 16b-3(d)(3) under the Exchange Act.* The tax consequences of options (other than incentive options for which the holding period requirements described above are satisfied) may vary if the recipient is a director or an executive officer subject to the short-swing trading restrictions of Section 16(b) of the Exchange Act, or if the recipient is exempted from these restrictions by the six-month holding provision of Rule 16b-3(d)(3). In general, if the recipient falls into this category and exercises an option prior to the date that is six months after the option grant date, he or she will recognize income on the date six months after the option grant date (based on the fair market value of the option shares on that date) and begin the holding period on such date, unless the participant files an election with the Internal Revenue Service under Section 83(b) of the Internal Revenue Code (a § 83(b) Election ) to recognize income on the exercise date (in which case the amount of income is based on the fair market value of the option shares on the exercise date) and therefore begins the holding period on the exercise date. A § 83(b) Election must be filed within 30 days after the exercise date.

*Stock Appreciation Rights.* Generally, the recipient of a SAR will not recognize taxable income at the time the stand-alone SAR is granted. The spread between the then current market value of the common stock received and the exercise price of the SAR will be taxed as ordinary income to the recipient at the time the common stock subject to the SAR is received. In general, there will be no federal income tax deduction allowed to CVG upon the grant or termination of SARs. However, upon the settlement of an SAR, CVG will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the settlement.

*Restricted Stock and Other Stock Settled Awards Other than Options and SARs.* The recipient will not recognize taxable income at the time shares of restricted stock or other stock settled awards are granted, but will recognize ordinary income, and be subject to wage and employment tax withholding, when the restricted stock becomes vested or the participant receives vested shares in settlement of the award, unless the recipient makes a § 83(b) Election within 30 days after the grant date to recognize ordinary income upon grant. The amount of ordinary income recognized by the recipient will equal the fair market value of the restricted stock or other stock settled awards at the time its restrictions lapse or the participant receives vested shares in settlement of the award, or at the time of grant if the recipient makes a § 83(b) Election, less the amount paid for the restricted stock or other stock settled award. CVG will be entitled to claim a corresponding deduction equal to the amount of ordinary income recognized by the recipient (subject to potentially applicable deduction limitations under Section 162(m) of the Internal Revenue Code). Upon the subsequent sale of the shares, the recipient will recognize long- or short-term capital gain or loss, depending on whether the sale occurs more than one year after the participant's holding period begins.

*Performance Awards.* The recipient will not recognize taxable income at the time performance awards are granted, but will recognize ordinary income, and be subject to wage and employment tax withholding, upon the receipt of common stock or cash awards at the end of the applicable performance cycle. CVG will be entitled to claim a corresponding deduction (subject to potentially applicable deduction limitations under Section 162(m) of the Internal Revenue Code).

*CVG Deductions.* To the extent that a participant recognizes ordinary income in the circumstances described above, CVG or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided, among other things, that the deduction meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Section 280G of the Internal Revenue Code and is not disallowed by the \$1,000,000 limitation on certain executive compensation under Section 162(m) of the Internal Revenue Code.

## **Third Amended and Restated Equity Incentive Plan Benefits**

Benefits to be received by our executive officers, directors and employees as a result of the proposed Third Amended and Restated Equity Incentive Plan are not determinable, since the amount of grants of options and restricted stock

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made under the proposed Third Amended and Restated Equity Incentive Plan is discretionary.

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Set forth in the table below are the number of equity awards since inception that have been granted under the equity incentive plan to: (i) each of our named executive officers, (ii) our executive officers as a group, (iii) our non-employee directors as a group and (iv) our non-executive employees as a group:

Name	Number of Options	Number of Shares of Restricted Stock
Mervin Dunn	476,664	237,000
Chad M. Utrup	151,980	120,500
Gerald L. Armstrong	142,973	120,500
W. Gordon Boyd		96,000
James F. Williams	102,133	65,400
Executive officers as a group	873,750	772,300
Non-employee directors as a group	60,000	161,700
Non-executive employees as a group	576,069	589,750

As of March 18, 2009, the closing price per share of our common stock on the NASDAQ Global Select Market was \$0.86.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE FOR THE THIRD AMENDED AND RESTATED EQUITY INCENTIVE PLAN.**

**Vote Required**

Approval of our Third Amended and Restated Equity Incentive Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting.

**PROPOSAL NO. 3 RATIFICATION OF APPOINTMENT OF THE INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has reappointed Deloitte & Touche LLP as the independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2009. In making the decision to reappoint the independent registered public accounting firm, the Audit Committee has considered whether the provision of the non-audit services rendered by Deloitte & Touche LLP is incompatible with maintaining that firm's independence.

Stockholder ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our by-laws or other applicable legal requirement. However, the Board is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. It is expected that a representative of Deloitte & Touche LLP will be present at the annual meeting, with the opportunity to make a statement if he so desires, and will be available to answer appropriate questions.

**Principal Accountant Fees and Services**

For fiscal years 2008 and 2007, the following fees were billed to us for the indicated services:

	<b>2008</b>	<b>2007</b>
Audit Fees	\$ 1,624,448	\$ 1,503,000
Audit-Related Fees		38,000
Tax Fees	773,840	766,000
All Other Fees	14,679	
Total Independent Accountant s Fees	\$ 2,412,967	\$ 2,307,000

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*Audit Fees.* Consist of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Deloitte & Touche LLP in connection with statutory and regulatory filings or engagements.

*Audit-Related Fees.* Consist of fees billed for services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees. These services include employee benefit plan audits and due diligence in connection with acquisitions, attest services that are not required by statute or regulation and accounting consultations on proposed transactions.

*Tax Fees.* Consist of fees billed for professional services for tax compliance, tax consultation and tax planning. These services include assistance regarding federal, state and international tax compliance, customs and duties, mergers and acquisitions and international tax planning.

*All Other Fees.* Consist of fees for products and services other than the services reported above.

## **Policy on Audit Committee Pre-Approval and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm**

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

During fiscal 2008, all services by Deloitte & Touche LLP were pre-approved by the Audit Committee in accordance with this policy.

## **Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE FOR THE RATIFICATION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2009.**

## **Vote Requirement**

Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2009 requires the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Except as otherwise noted, the following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 18, 2009 by: (1) each of the named executive officers in the Summary Compensation Table; (2) each of our directors and director nominees; (3) all directors and executive officers as a group; and (4) each person or entity known to us to be the beneficial owner of more than five percent of our outstanding shares of common stock. All information with respect to beneficial ownership has been furnished to us by the respective director, director nominee, executive officer or five percent beneficial owner, as the case may be. Unless otherwise indicated, each person or entity named below has sole voting and investment power with respect to the number of shares set forth opposite his or its name.

The following table lists the number of shares and percentage of shares beneficially owned based on 22,809,593 shares of common stock outstanding as of March 18, 2009, and a total of 581,351 common stock options currently exercisable or exercisable by our directors and executive officers as a group within 60 days of March 18, 2009. Beneficial ownership of the common stock listed in the table has been determined in accordance with the applicable rules and regulations promulgated under the Exchange Act. Shares of common stock subject to options currently exercisable or exercisable within 60 days of March 18, 2009 are deemed outstanding and beneficially owned by the person holding such options for the purpose of computing the number of shares and percentage beneficially owned by such person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person.

<b>Name of Beneficial Owner</b>	<b>Shares Beneficially Owned</b>	
	<b>Number</b>	<b>Percentage</b>
<b>5% Stockholders:</b>		
Arnold B. Siemer(1)	2,345,908	10.3%
Wells Fargo & Company(2)	1,726,358	7.6%
Dimensional Fund Advisors LP(3)	1,612,473	7.1%
Wellington Management Company, LLP(4)	1,347,200	5.9%
Rutabaga Capital Management(5)	1,152,800	5.1%
Stadium Capital Management, LLC(6)	1,101,773	4.8%
<b>Directors and Named Executive Officers:</b>		
Mervin Dunn(7)	534,883	2.3%
Scott D. Rued(8)	241,937	1.1%
Chad M. Utrup(9)	216,182	*
Gerald L. Armstrong(10)	192,506	*
James F. Williams(11)	136,315	*
W. Gordon Boyd(12)	86,316	*
S.A. Johnson(13)	71,492	*
Scott C. Arves(14)	64,600	*
Richard A. Snell(15)	28,100	*
Robert C. Griffin(16)	24,600	*
David R. Bovee(17)	23,500	*
John W. Kessler(18)	10,600	*
All directors and executive officers as a group (14 persons)	1,758,201	7.7%

\* Denotes less than one percent.

- (1) Information reported is based on a Schedule 13G/A as filed with the Securities and Exchange Commission on March 12, 2009, on which Arnold B. Siemer reported sole voting and dispositive power over 2,033,461 shares of our common stock. The address for Mr. Siemer is 150 E. Campus View Blvd., Ste. 250, Columbus, OH 43235.
- (2) Information reported is based on a Schedule 13G as filed with the Securities and Exchange Commission on January 23, 2009, on which Wells Fargo & Company reported sole voting power over 1,692,058 shares of our common stock, sole dispositive power over 1,650,814 shares of our common stock and shared dispositive power over 34,544 shares of our common stock. According to the Schedule 13G/A, the Schedule 13G/A is

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filed on its own behalf and on behalf of the following subsidiaries of Wells Fargo & Company: Wells Fargo Bank, National Association, Evergreen Investment Management Company, LLC, Wachovia Securities, LLC, J.L. Kaplan Associates, LLC and Wachovia Bank, National Association. The address for Wells Fargo & Company is 420 Montgomery Street, San Francisco, CA 94163.

- (3) Information reported is based on a Schedule 13G/A as filed with the Securities and Exchange Commission on February 9, 2009, on which Dimensional Fund Advisors LP reported sole voting power over 1,558,987 shares of our common stock and sole dispositive power over 1,612,473 shares of our common stock. According to the Schedule 13G/A, Dimensional Fund Advisors LP ( Dimensional ), an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts and accounts are referred to as the Funds. In its role as investment advisor or manager, Dimensional possesses investment and/or voting power over the shares that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. According to the Schedule 13G/A, all shares reported are owned by the Funds, and Dimensional disclaims beneficial ownership of such securities. The address for Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.
- (4) Information reported is based on a Schedule 13G/A as filed with the Securities and Exchange Commission on February 17, 2009, on which Wellington Management Company, LLP ( Wellington Management ) reported shared voting power over 836,000 shares of our common stock and shared dispositive power over 1,347,200 shares of our common stock. Wellington Management, in its capacity as an investment adviser, may be deemed to beneficially own the shares reported, which are held of record by clients of Wellington Management. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, the stock. No such client is known to have such right or power with respect to more than five percent of the stock. The address for Wellington Management Company, LLC, 75 State Street, Boston, MA 02109.
- (5) Information reported is based on a Schedule 13G as filed with the Securities and Exchange Commission on February 6, 2009, on which Rutabaga Capital Management reported sole voting power over 697,500 shares of our common stock, shared voting power over 455,300 shares of our common stock and sole dispositive power over 1,152,800 shares of our common stock. The address for Rutabaga Capital Management is 64 Broad Street, 3rd Floor, Boston, MA 02109.
- (6) Information reported is based on a Schedule 13G/A as filed with the Securities and Exchange Commission on February 10, 2009, on which Stadium Capital Management, LLC reported shared voting and dispositive power over 1,101,773 shares of our common stock, Alexander M. Seaver reported shared voting and dispositive power over 1,101,773 shares of our common stock and Bradley R. Kent reported shared voting and dispositive power over 1,101,773 shares of our common stock. The address for Stadium Capital Management, LLC, Mr. Seaver and Mr. Kent is 19785 Village Office Court, Suite 101, Bend, OR 97702.
- (7) Includes 285,383 shares issuable upon exercise of currently exercisable options. Includes 11,666 shares of restricted stock that vest on October 20, 2009; 35,333 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 124,000 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (8) Includes 60,000 shares issuable upon exercise of currently exercisable options. Includes 2,666 shares of restricted stock that vest on October 20, 2009; 6,000 shares of restricted stock that vest in two equal installments commencing on October 20, 2009 and 2010; and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.



- (9) Includes 95,682 shares issuable upon exercise of currently exercisable options. Includes 5,832 shares of restricted stock that vest on October 20, 2009; 18,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 64,000 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.

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- (10) Includes 66,793 shares issuable upon exercise of currently exercisable options. Includes 5,832 shares of restricted stock that vest on October 20, 2009; 18,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 64,000 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (11) Includes 73,493 shares issuable upon exercise of currently exercisable options. Includes 3,332 shares of restricted stock that vest on October 20, 2009; 10,666 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 29,400 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (12) Includes 5,000 shares of restricted stock that vest on October 20, 2009; 14,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 50,000 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (13) Includes 1,332 shares of restricted stock that vest on October 20, 2009; 3,000 shares of restricted stock that vest in two equal installments commencing on October 20, 2009 and 2010; and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (14) Includes 1,332 shares of restricted stock that vest on October 20, 2009; 3,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010 and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (15) Includes 1,332 shares of restricted stock that vest on October 20, 2009; 3,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009. Of these shares, 23,100 shares are held by the Snell Family Limited Partnership, of which Mr. Snell is a general partner, and 5,000 shares are held in trust for the benefit of Mr. Snell's children.
- (16) Includes 1,332 shares of restricted stock that vest on October 20, 2009; 3,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009. Of these shares, 9,668 shares are subject to a pledge in support of a margin account.
- (17) Includes 1,332 shares of restricted stock that vest on October 20, 2009; 3,000 shares of restricted stock that vest in two equal installments on October 20, 2009 and 2010; and 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.
- (18) Includes 10,600 shares of restricted stock that vest in three equal annual installments commencing on October 20, 2009.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Summary**

A significant portion of our business is driven by the demand for North American Class 8 heavy trucks. Over the past two years, such demand receded, in 2007 because of new emissions standards becoming effective in the United States as of January 1, 2007, which had a positive impact on demand for new Class 8 trucks in 2006, and in 2008 because of the general economic downturn. The continued downturn had a significant impact on our operating results in 2008, which were below our expectations, as well as on our share price and stockholder returns.

At the beginning of 2008, management and the Compensation Committee (for purposes of this Compensation Discussion and Analysis, the Committee) had multiple discussions regarding annual incentive plan targets in light of the expected continued downturn in the North American Class 8 heavy truck market in 2008. The Committee decided to base annual incentive payments on EBITDA (defined for purposes of the CVG 2008 Bonus Plan as earnings before interest, taxes, depreciation and amortization and adjusted as described below under Compensation Elements Programs Annual Incentive Compensation) objectives, which resulted in a 67% calculated payout under the annual incentive plan. However, in response to the current economic environment, management recommended that the Committee approve a reduction in the payouts to 50% of target. The Committee approved management's recommendation which resulted in threshold annual cash incentive plan payments for the senior executive group in 2008.

The magnitude of the downturn, general economic decline and overall performance of CVG also had an impact on our share price during 2008, which declined from \$14.50 on December 31, 2007 to \$0.93 on December 31, 2008. Our executive officers also experienced a negative impact because the value of their share and equity-based awards declined in similar proportions. In addition, the value of restricted stock grants made in 2008 was significantly below our equity grants made in previous years as a result of the decline in share price.

**Compensation Philosophy, Objectives and Process**

*Compensation Philosophy and Objectives*

Our executive compensation program is designed to align total compensation with our overall performance, while at the same time serving to attract and retain key executive officers who have a significant strategic impact on our success. Each executive officer has a significant portion of total compensation which is at-risk in any given year. In addition, each executive officer receives equity grants which serve to align their interests with those of stockholders.

The specific objectives of our executive compensation program are to:

Attract and retain qualified executives who will contribute to our long-term success;

Link executive compensation to the achievement of our operational, financial and strategic objectives; and

Link executive compensation with each executive's performance and level of responsibility.

Our Compensation Committee has structured executive compensation based on these objectives. Our executive compensation program includes annual and long-term incentive programs and provides for cash and equity-based awards, as well as salary and benefit programs that are competitive within our industry.

We set performance targets under our annual cash incentive compensation program so that executive officers receive their targeted annual compensation if our pre-determined performance targets are achieved. When performance exceeds the pre-determined performance targets, then total executive compensation will be above this targeted compensation, and when performance is below the pre-determined performance targets, then total executive compensation will be below the targeted compensation.

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### *Compensation Process*

The Committee is responsible for:

Reviewing the performance of the Chief Executive Officer on an annual basis;

Reviewing and approving the compensation of the Chief Executive Officer and all other executive officers;

Reviewing our compensation policies and programs to ensure they are aligned with corporate objectives;

Overseeing the design and administration of our equity-based and incentive compensation plans, including the Second Amended and Restated Equity Incentive Plan (the Equity Plan ), the Management Stock Option Plan (the 2004 Stock Option Plan ) and the CVG 2008 Bonus Plan;

Reviewing and approving this report on executive compensation for inclusion in our annual proxy statement; and

Other matters, from time to time, as designated by the Committee charter or our Board of Directors.

The Committee considers the following factors, listed in order of importance, as part of the process by which it makes executive compensation determinations:

Our actual versus targeted EBITDA, as defined above, which the Committee believes is a key factor in creating stockholder value;

Achievement of certain financial and operational outcomes which, in the judgment of the Committee, contributed to our overall success for the particular year in question;

An overall evaluation of the success of the named executive officers as a team, reflecting a key cultural consideration in how we are managed, as discussed in more detail below; and

The competitiveness of executive compensation is compared to a peer group and compensation surveys compiled by Pearl, Meyer & Partners ( PM&P ). This analysis is completed by PM&P every two years, with the last analysis completed in 2007, based on general manufacturing companies of comparable size. In addition, PM&P developed an industry peer group with input from the Committee and management, and provided comparable executive compensation information based on information disclosed in the proxy statement of the peer group companies.

## **Compensation Structure**

### *Compensation Levels and Benchmarking*

In 2007, the Committee reviewed and assessed an analysis of data on similar positions in similarly sized general manufacturing companies, as published in executive compensation surveys. PM&P provided survey information to the Committee which was examined and compared to current named executive officer compensation levels. While the Committee relied on the data produced in these surveys, it did not predicate its compensation decisions on the specific companies that participated in such surveys. The Committee compared executive officers' compensation to PM&P data from five surveys, each of which included several hundred companies.

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In addition, PM&P provided, and the Committee examined, executive compensation data for a group of peer companies comparable in size and/or industry to us. Each of these companies reported revenues during 2006 (the latest year available at the time of the analysis in 2007) of between \$486 million and \$1.836 billion, as compared to our \$919 million of revenues in 2006. Each peer company was considered to be a business competitor and/or a competitor for executive talent. The companies in the peer group included (in order by size across each row):

Toro	Modine Manufacturing	Sauer Danfoss
Freightcar America	Accuride	Wabash National
Federal Signal	Wabtec	Bandag
Greenbrier Companies	Enpro	Standard Motor Products
Superior Industries International	Drew Industries	Stoneridge
Shiloh Industries	Gentek	Columbus McKinnon
Gentex	Gehl	

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The Committee based their 2008 analysis on this year-old information and concluded that there was not likely a significant change in the data due to the passage of one year. The Committee expects to engage PM&P to update the analysis in 2009, with information from 2008.

The Committee reviews salary, cash incentive compensation, equity-based compensation and overall compensation for the chief executive officer, chief financial officer and division head positions of the peer companies. The Committee's overall target for compensation in 2008 for our executive officers was between the 50th and 75th percentile of overall compensation paid to similarly situated executive officers of companies included in the compensation surveys and the peer group analysis. The Committee believes this level is necessary to attract and retain high quality executives in a highly competitive industry. In addition, our equity-based compensation formula is aligned with financial and stock price performance, which links directly to stockholder interests.

### *Compensation Elements Overview*

The three principal compensation components for our named executive officers are:

Salary

Annual Incentive Compensation

Long-term Incentive Compensation

In addition, certain executive officers are party to Change-in-Control & Non-Competition Agreements that provide payments to executives upon certain termination events. We have provided these agreements for the executive officers to encourage retention and to afford continuity in the event of a Change-in-Control. We also have a program of executive perquisites, described in the accompanying tables and narrative disclosures to this Compensation Discussion and Analysis, and retirement benefits discussed below. The Committee believes the use of perquisites provides an important retention incentive in a competitive market for the named executive officers, primarily based on the programs of similar companies.

### *Compensation Mix*

We use the principal components of compensation described above to provide at-risk compensation, retention value and an equity interest to match stockholder interests. Our policy for allocating between fixed and incentive compensation and between cash and equity-based awards is based on the following general principles:

The more senior the executive officer, the larger the proportion of the executive officer's total compensation will be in the form of incentive compensation. This concept is consistent with our belief that such executive officers have a greater influence on our financial and stock price performance.

Each executive officer has a significant proportion of total compensation in the form of long-term compensation.

Achieving a balance between annual and long-term equity compensation in relation to total compensation.

Our executive officers' compensation is structured to be weighted heavily towards incentive compensation programs that provide for compensation based on our annual and long-term performance. The Committee believes that this weighting motivates executive officers to undertake tasks and achieve results that support the creation of long-term stockholder value.





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For 2008, the target compensation mix for each named executive officer was as follows:

<b>Executive</b>	<b>Title</b>	<b>Salary as % of Total Compensation</b>	<b>Target Annual Incentive as % of Total Compensation</b>	<b>Equity-Based Awards as % of Total Compensation</b>
Mervin Dunn	President and Chief Executive Officer	51%	38%	11%
Chad M. Utrup	Chief Financial Officer	58%	29%	13%
Gerald L. Armstrong	President and General Manager of Cab Systems	58%	29%	13%
W. Gordon Boyd	Senior Advisor to the Chief Executive Officer	76%	15%	8%
James F. Williams	Vice President of Organizational Development	61%	31%	8%

Note: The above table takes into account target incentive payments under our annual cash incentive program for 2008 and not actual payments made under that program for performance in 2008. Equity-based award percentages are based on the actual grant date fair value of the shares of restricted stock granted on November 17, 2008. These amounts are shown on the 2008 Grants of Plan-Based Awards Table on page 30 for each named executive officer.

The value of equity-based awards declined in 2008, both as a percentage of total compensation and as a dollar amount for each of the executive officers. As a result, the relative percentage of pay attributed to salary and target annual incentives increased significantly. This outcome was caused by the decline in our stock price from 2007, which resulted in restricted stock grants in 2008 with a grant date value of \$1.17 per share (the closing price per share of our common stock on the NASDAQ Global Select Market on the grant date), compared to restricted stock grants in 2007 with a grant date value of \$13.40 per share (the closing price per share of our common stock on the NASDAQ Global Select Market on the grant date). The Committee increased the number of shares of restricted stock granted in 2008 to account in part for the reduction in value, but, overall, the value of the restricted stock declined significantly, causing the changes in the relative proportions of each of the components of our compensation program for executive officers. The Committee believed this outcome was appropriate given the decline in our share price and the impact on stockholders.

The relationship of base salary to annual incentive compensation to long-term incentive compensation can vary depending upon each executive officer's prior experience and time in the industry. In addition, Mr. Boyd's annual incentive target is relatively low compared to other executive officers, because his salary is significantly above median salaries of similarly situated officers in the compensation surveys and peer group analysis pursuant to his employment agreement which we assumed upon acquisition of his prior company.

*Compensation Elements Programs***Salary**

We provide a salary to our executive officers to compensate them for their services during the year. Salaries are designed primarily to promote retention of existing executive officers, and in the case of a new hire, to attract new executive talent. The Committee sets salaries based on the executive officer's roles and responsibilities, experience,

expertise and individual performance during their tenure. Salaries are reviewed annually by the Committee and adjustments are based on the factors noted above as well as input from the Chief Executive Officer and data from the compensation surveys and peer group analysis discussed in detail above. However, there is no specific formula applied to the factors noted above and new salaries are set based on the Committee's discretion and judgment.

At its meeting on November 5, 2008, the Committee reviewed the executive officers' salaries and decided there would be no salary increases for executive officers beginning in January 2009. However, the Committee increased the salary for one executive officer in light of significant changes in his job responsibilities. The Committee approved the recommendation from our Chief Executive Officer to adjust Mr. Frailey's salary by 10% effective

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January 1, 2009, in connection with his promotion to Executive Vice President and General Manager of Electrical Systems in December 2008.

Mr. Boyd's salary is paid in British pound sterling and the salary we report for him in U.S. dollars is impacted by currency exchange rates.

With the exception of Mr. Boyd, the Committee believes the senior executive salaries are consistent with the salaries paid to similarly situated executive officers in the competitive market in the aggregate, based on compensation surveys of general manufacturing companies and executive compensation data for our peer companies, in accordance with our compensation philosophy. Mr. Boyd's salary is higher than the targeted market level, but his annual incentive target is lower, and, as a result, his overall target compensation level is consistent with that of our other executive officers.

The salaries for each named executive officer for 2008 were as follows:

Mervin Dunn \$649,002

Chad M. Utrup \$329,909

Gerald L. Armstrong \$346,091

W. Gordon Boyd \$529,263

James F. Williams \$248,810

Effective February 23, 2009, the named executive officers volunteered to reduce their salaries by 10 percent as part of our effort to align costs for 2009 with the expected decline in our end markets. The Committee intends to review this voluntary reduction throughout 2009 and will consider making adjustments if appropriate.

Effective March 16, 2009, James F. Williams elected to move to a new role in order to better support the current strategic needs of the Company. Mr. Williams remains employed by us, but will no longer serve as an executive officer of the Company.

**Annual Incentive Compensation**

Annual incentive compensation is designed to reward executive officers for our annual financial performance and for achieving certain individual performance goals. Annual target incentive payments are determined initially as a percentage of each executive officer's salary for the fiscal year, and the payment of target incentive amounts depends on the achievement of pre-determined financial performance targets and individual performance goals. Individual performance goals may, from time to time, at the Committee's discretion, have an impact on incentive payments, based on input from the Chief Executive Officer.

On March 24, 2008, the Committee approved the CVG 2008 Bonus Plan ( 2008 Bonus Plan ). Annual incentive targets were set as a percentage of each executive's 2008 salary. The threshold, target and maximum bonus, as a percentage of salary, for each named executive officer is set forth below:

<b>Threshold</b>	<b>Target Payout</b>	<b>Maximum</b>
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<b>Executive</b>	<b>Payout as % of Salary</b>	<b>as a % of Salary</b>	<b>Payout as a % of Salary</b>
Mervin Dunn	37.5%	75.0%	97.5%
Chad M. Utrup	25.0%	50.0%	65.0%
Gerald L. Armstrong	25.0%	50.0%	65.0%
W. Gordon Boyd	10.0%	20.0%	26.0%
James F. Williams	25.0%	50.0%	65.0%

These factors were chosen and approved by the Committee as necessary to achieve our philosophy of targeting overall compensation between the 50th and 75th percentile of the companies in the compensation surveys and peer group analysis. The exception is Mr. Boyd, whose target incentive percentage was set below competitive levels to take into account his current salary level, which is well above competitive norms. These factors did not change from 2007 levels.

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In early 2008, the Committee decided to base annual incentive targets on our company-wide EBITDA objectives. EBITDA for purposes of the 2008 Bonus Plan is a non-GAAP financial measure calculated by adding interest, taxes, depreciation and amortization to net income and adjusted by the Committee as described below. This company-wide objective was different than prior years' bonus plans because the company-wide objective was based solely on EBITDA, rather than on a combination of EBITDA and net income. The Committee determined that EBITDA was the appropriate financial measure because it is regarded in the financial community as an important indicator of the overall operating health of an organization and was believed by the Committee to be a key factor in the creation of stockholder value. EBITDA performance objectives for 2008 were based on internal business plan objectives with threshold, target and maximum for 2008 set at \$33.1 million, \$38.1 million and \$43.1 million, respectively.

The 2008 Bonus Plan represents a change from prior years' bonus plans, in that the EBITDA and individual objectives are calculated separately and added together to determine the total payout to each individual executive. This change provided the Committee with the added flexibility to reward our senior executives on an individual basis, if deemed appropriate and necessary in the absence of achieving the threshold level of financial performance. To support this change, the Committee assigned a 70% weighting to the financial performance measure and a 30% weighting to the individual performance