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

Table of Contents

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

No. 333-125626

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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

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

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

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

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

Dennis M. Myers P.C.
Kirkland & Ellis LLP
200 East Randolph Drive
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Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

Table of Contents

SUBJECT TO COMPLETION, DATED JUNE 29, 2005

7,916,163 Shares

Commercial Vehicle Group, Inc.

Common Stock

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

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

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

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

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

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

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

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

JPMorgan **Lehman Brothers**

The date of this prospectus is , 2005.

Table of Contents

TABLE OF CONTENTS

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

SUMMARY

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

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

Our Company

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

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

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

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

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

Table of Contents

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

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

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

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

Table of Contents

Our Competitive Strengths

We believe that our competitive strengths include the following:

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

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

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

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

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

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

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

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

Our Business Strategy

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

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

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

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

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

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

Our Recent Acquisitions

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

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

Table of Contents

Concurrent Senior Notes Offering

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

Corporate Information

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

Table of Contents

The Offering

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

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

Risk Factors

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

Table of Contents

Summary Historical and Pro Forma Consolidated Financial Information

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

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

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

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

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

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

Table of Contents

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

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

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

Table of Contents

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

RISK FACTORS

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

Risks Related to Our Business and Industry

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

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

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

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

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

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

Table of Contents

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

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

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

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

We may be unable to successfully implement our business strategy.

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

successfully integrate such new businesses into our existing businesses, our results of operations could also be adversely affected.

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

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

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

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

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

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

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

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

Changes in competitive technologies may render certain of our products less attractive. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in our ability to remain competitive. There can be no assurance that we will be able to achieve the technological advances that may be necessary for us to remain competitive. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure to operate properly.

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

Our indebtedness could:

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

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

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

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

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

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

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

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

intellectual property protection difficulties;

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

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

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

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

Risks Relating to this Offering

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

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

Table of Contents

USE OF PROCEEDS

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

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

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

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

DIVIDEND POLICY

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

Table of Contents

PRICE RANGE OF COMMON STOCK

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

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

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

Table of Contents

CAPITALIZATION

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

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

(1)

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

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

Table of Contents

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

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

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

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

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

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

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

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

Table of Contents

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

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

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

See Notes to Unaudited Pro Forma Consolidated Financial Statements

Table of Contents

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

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

See Notes to Unaudited Pro Forma Consolidated Financial Statements

Table of Contents

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

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

See Notes to Unaudited Pro Forma Consolidated Financial Statements

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

	CVG	Mayflower	MWC	Acquisitions Adjustments	Offering Adjustments	Pro Forma Consolidated(9)
	(In thousands, except per share amounts)					
REVENUES	$ 85,990	$ 42,768	$ 21,185	$	$	$ 149,943
COST OF SALES	70,503	37,850	19,907			128,260
Gross profit	15,487	4,918	1,278			21,683
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	7,497	1,019	994			9,510
NONCASH OPTION CHARGE						
AMORTIZATION EXPENSE	36		20			56
Operating income	7,954	3,899	264			12,117
OTHER (INCOME) EXPENSE	(3,270)	(229)				(3,499)
INTEREST EXPENSE (INCOME)	2,268	(37)	144	2,658 (6)	(422) (8)	4,611
LOSS ON EARLY EXTINGUISHMENT OF DEBT						
Income (loss) before provision for income taxes	8,956	4,165	120	(2,658)	422	11,005
PROVISION (BENEFIT) FOR INCOME TAXES	3,407	1,615	48	(1,012) (7)	169 (7)	4,227
NET INCOME (LOSS)	$ 5,549	$ 2,550	$ 72	$ (1,646)	$ 253	$ 6,778
BASIC EARNINGS (LOSS) PER SHARE:	$ 0.40					$ 0.44
DILUTED EARNINGS (LOSS) PER SHARE:	$ 0.40					$ 0.43

See Notes to Unaudited Pro Forma Consolidated Financial Statements

Table of Contents

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA
CONSOLIDATED FINANCIAL DATA

(1) The MWC acquisition will be accounted for by the purchase method of accounting. Under purchase accounting, the total purchase price will be allocated to the tangible and intangible assets and liabilities of MWC based upon their respective fair values. This allocation will be based upon valuations and other studies that have not yet been completed. A preliminary allocation of the purchase price has been made to major categories of assets and liabilities based on available information. The actual allocation of purchase price and the resulting effect on income from operations may differ significantly from the pro forma amounts included herein.

The purchase price and costs associated with the MWC acquisition exceeded the preliminary fair value of the net assets acquired by approximately $39.3 million. Pending completion of an independent valuation analysis, we have preliminarily allocated the excess purchase price over the fair value of the net assets acquired to goodwill. The acquired goodwill is not deductible for income tax purposes. Our preliminary estimate of goodwill as of the acquisition date, which is subject to further refinement, is as follows (in thousands):

Purchase price (cash consideration)	$	55,000
Transaction costs		3,000
Net assets of MWC at historical cost		(18,705)
Excess of purchase price over net assets acquired	$	39,295

(2) Reflects accrued transaction costs which were not paid at closing.

(3) Reflects the net borrowings under our revolving credit facility to fund the MWC acquisition.

(4) Represents the elimination of the MWC equity accounts as of March 31, 2005.

(5) Reflects the receipt of net proceeds from the offering and proceeds from the exercise of management s stock options and the use of these proceeds to repay a portion of our revolving credit facility (in thousands):

Proceeds from sale of common stock in offering	$	27,000
Proceeds from exercise of management stock options		1,743
Less: underwriting fee and expenses		(1,350)
Less: other expenses of issuance and distribution		(3,272)
Net proceeds available for repayment	$	24,121

(6) Reflects adjustments to interest expense on incremental net borrowings of approximately $106.4 million incurred in connection with the Mayflower acquisition and interest expense on incremental net borrowings of approximately $58.0 million incurred in connection with the MWC acquisition at a weighted average interest rate of 6.5% for borrowings under the term loan facility and 7.0% for borrowings under the revolving credit facility as follows:

Adjustments to Interest Expense

	Year Ended December 31, 2004	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
		(In thousands)	
Interest on incremental $106.4 million of net borrowings related to the Mayflower acquisition	$ 7,211	$ 793	$ 1,802
Interest on incremental $58.0 million of net borrowings related to the MWC acquisition	3,850	963	963
Adjustments	11,061	1,756	2,765
Adjustment for interest income (expense) previously recorded by:			
Mayflower	170	(793)	37
MWC	(135)	2,230	(144)
	35	1,437	(107)
Net increase	$ 11,096	$ 3,193	$ 2,658

(7) Reflects an adjustment to income taxes based on our effective tax rate.

(8) Reflects the reduction of interest expense on the reduction in net borrowings under our revolving credit facility at a weighted average interest rate of 7.0%.

(9) In the event that we complete our concurrent senior notes offering, after giving further effect to such offering, (a) our pro forma interest expense for the year ended December 31, 2004 and for the three months ended March 31, 2005 and March 31, 2004 would have been $20.5 million, $4.5 million and $5.6 million, respectively, (b) our pro forma net income for the year ended December 31, 2004 and for the three months ended March 31, 2005 and March 31, 2004 would have been $26.5 million, $12.7 million and $6.2 million, respectively, (c) our pro forma income tax expense for the year ended December 31, 2004 and for the three months ended March 31, 2005 and March 31, 2004 would have been $12.5 million, $7.8 million and $3.8 million, respectively, and (d) our pro forma total indebtedness as of March 31, 2005 would have been $189.6 million. However, the completion of this common stock offering is not connected with or contingent upon the completion of the senior notes offering and there is no guarantee that the senior notes offering will, in fact, be completed.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth selected consolidated financial data regarding our business and certain industry information and should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

The selected consolidated financial data as of December 31, 2003 and 2004 and for the years ended December 31, 2002, 2003 and 2004, are derived from our consolidated financial statements that are included elsewhere in this prospectus, which financial statements have been audited by Deloitte & Touche LLP as indicated by their report thereon. The consolidated balance sheet data as of December 31, 2002 and the consolidated statements of operations and cash flows for the year ended December 31, 2001 are derived from our audited consolidated financial statements, which are not included in this prospectus. The consolidated balance sheet data as of December 31, 2000 and 2001 and as of March 31, 2005 and the consolidated statements of operations and cash flows for the year ended December 31, 2000 and the three months ended March 31, 2004 and 2005 are derived from our unaudited consolidated financial statements. Our unaudited financial statements as of March 31, 2005 and for the three months ended March 31, 2004 and 2005 are included elsewhere in this prospectus and include certain adjustments, all of which are normal recurring adjustments, which our management considers necessary for a fair presentation of our results for these unaudited periods. The results of operations for the three months ended March 31, 2005 are not necessarily indicative of the results of operations for a full fiscal year. The North American Class 8 heavy-duty truck production rates included in the Other Data section set forth below are unaudited.

The unaudited financial data set forth below as of and for the year ended December 31, 2000 is derived from the results of operations of Trim Systems, LLC for the entire period and the results of operations of Commercial Vehicle Systems and National/KAB Seating beginning from their respective dates of acquisition by our principal stockholders, which occurred on March 31, 2000 and October 6, 2000, respectively. Because these businesses were under common control since their respective dates of acquisition, their historical results of operations have been combined for the periods in which they were under common control based on their respective historical basis of accounting.

Table of Contents

	Year Ended December 31,					Three Months Ended March 31,	
	2000	2001	2002	2003	2004	2004	2005
	(In thousands, except per share data)						
Statement of Operations Data:							
Revenues	$ 244,963	$ 271,226	$ 298,678	$ 287,579	$ 380,445	$ 85,990	$ 152,415
Cost of sales	208,083	229,593	249,181	237,884	309,696	70,503	126,163
Gross profit	36,880	41,633	49,497	49,695	70,749	15,487	26,252
Selling, general and administrative expenses	21,569	21,767	23,952	24,281	28,985	7,497	9,549
Noncash option issuance charge					10,125		
Amortization expense	2,725	3,822	122	185	107	36	24
Restructuring charges	5,561	449					
Operating income	7,025	15,595	25,423	25,229	31,532	7,954	16,679
Other expense (income)	(1,955)	(2,347)	1,098	3,230	(1,247)	(3,270)	(2,881)
Interest expense	12,396	14,885	12,940	9,796	7,244	2,268	2,168
Loss on early extinguishment of debt				2,972	1,605		
Income (loss) before income taxes and cumulative effect of accounting change	(3,416)	3,057	11,385	9,231	23,930	8,956	17,392
Provision (benefit) for income taxes	(2,550)	5,072	5,235	5,267	6,481	3,407	6,506
Income (loss) before cumulative effect of accounting change	(866)	(2,015)	6,150	3,964	17,449	5,549	10,886
Cumulative effect of accounting change			(51,630)				
Net income (loss)	$ (866)	$ (2,015)	$ (45,480)	$ 3,964	$ 17,449	$ 5,549	$ 10,886
Earnings (loss) per share(1):							
Basic	$ (0.09)	$ (0.15)	$ (3.29)	$ 0.29	$ 1.13	$ 0.40	$ 0.61

Diluted	(0.09)	(0.15)	(3.26)	0.29	1.12	0.40	0.59
Weighted average common shares outstanding(1):							
Basic	9,337	13,893	13,827	13,779	15,429	13,779	17,987
Diluted	9,337	13,893	13,931	13,883	15,623	13,885	18,297
Balance Sheet Data (at end of period):							
Working capital	$ 16,768	$ 10,908	$ 8,809	$ 28,216	$ 41,727	$ 26,449	$ 47,985
Total assets	312,006	263,754	204,217	210,495	225,638	218,511	397,910
Total debt	161,061	140,191	127,202	127,474	53,925	109,555	153,485
Total stockholders investment	76,287	72,913	27,025	34,806	111,046	40,627	120,370
Other Data:							
EBITDA(2)	$ 16,107	$ 28,428	$ 34,105	$ 33,335	$ 39,099	$ 10,014	$ 19,441
Net cash provided by (used in):							
Operating activities	24,068	12,408	18,172	10,442	34,177	6,035	10,058
Investing activities	(3,051)	7,749	(4,937)	(5,967)	(8,907)	(840)	(109,241)
Financing activities	(13,160)	(24,792)	(14,825)	(2,761)	(28,427)	(7,667)	99,965
Depreciation and amortization	9,078	12,833	8,682	8,106	7,567	2,060	2,762
Capital expenditures, net	3,174	4,898	4,937	5,967	8,907	840	2,883
North American Class 8 heavy-duty truck production (units)(3)	252	146	181	182	269	55	81

(1) Earnings (loss) per share and weighted average common shares outstanding for the years ended December 31, 2000, 2001, 2002, 2003 and 2004 have been calculated giving effect to the reclassification, in connection with our initial public offering, of our previously outstanding six classes of common stock into one class of common stock and, in connection therewith, a 38.991-to-one stock split. Earnings (loss) per share for all periods were computed in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share (SFAS No. 128).

(2) EBITDA represents earnings before interest expense, income taxes and depreciation and amortization, noncash gain (loss) on forward exchange contracts, loss on early extinguishment of debt and an impairment charge associated with the adoption of SFAS No. 142. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by generally accepted accounting principles. We present EBITDA because we believe that it is widely accepted that EBITDA provides useful information regarding our operating results. We rely on EBITDA primarily as an operating performance measure in order to review and assess our company and our management team. For example, our management incentive plan is based upon the company achieving minimum EBITDA targets for a given year. We also review EBITDA to compare our current operating results with corresponding periods and with other companies in our industry. We believe that it is useful to investors to provide disclosures of our operating results on the same basis as that used by our management. We also believe that it can assist investors in comparing our performance to that of other companies on a consistent basis without regard to depreciation, amortization, interest or taxes, which do not directly affect our operating performance. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

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

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

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

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

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

Table of Contents

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

	Year Ended December 31,					Three Months Ended March 31,	
	2000	2001	2002	2003	2004	2004	2005
	(In thousands)						
EBITDA	$ 16,107	$ 28,428	$ 34,105	$ 33,335	$ 39,099	$ 10,014	$ 19,441
Add (subtract):							
Depreciation and amortization	(9,078)	(12,833)	(8,682)	(8,106)	(7,567)	(2,060)	(2,762)
Noncash gain (loss) on forward exchange contracts	1,951	2,347	(1,098)	(3,230)	1,247	3,270	2,881
Interest expense	(12,396)	(14,885)	(12,940)	(9,796)	(7,244)	(2,268)	(2,168)
Loss on early extinguishment of debt				(2,972)	(1,605)		
(Provision) benefit for income taxes	2,550	(5,072)	(5,235)	(5,267)	(6,481)	(3,407)	(6,506)
Cumulative effect of change in accounting			(51,630)				
Net income (loss)	$ (866)	$ (2,015)	$ (45,480)	$ 3,964	$ 17,449	$ 5,549	$ 10,886

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

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the information set forth under Selected Historical Financial Data and our consolidated financial statements and the notes to those statements included elsewhere in this prospectus. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. See Cautionary Notice Regarding Forward-Looking Statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under Risk Factors. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Company Overview

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

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

Demand for our products is generally dependent on the number of new commercial vehicles manufactured, which in turn is a function of general economic conditions, interest rates, changes in governmental regulations, consumer spending, fuel costs and our customers inventory levels and production rates. New commercial vehicle demand has historically been cyclical and is particularly sensitive to the industrial sector of the economy, which generates a significant portion of the freight tonnage hauled by commercial vehicles. Production of commercial vehicles in North America peaked in 1999 and experienced a downturn from 2000 to 2003 that was due to a weak economy, an over supply of new and used vehicle inventory and lower spending on commercial vehicles and equipment. Demand for commercial vehicles improved in 2004 due to a variety of factors, including broad economic recovery in North America, the need to replace aging truck fleets as a result of under-investment, increasing freight volumes and increasing hauler profits.

In 2004, on an actual and pro forma basis, over 54% and over 59%, respectively, of our revenue was generated from sales to North American heavy-duty truck OEMs. Our remaining revenue in 2004 was derived from sales to OEMs in the global construction market and other specialized transportation markets and, on a pro forma basis, sale of body structures for Ford GT automobiles. Demand for our products is also driven to a significant degree by preferences of the end-user of the commercial vehicle, particularly with respect to heavy-duty trucks. Unlike the automotive industry, commercial vehicle OEMs generally afford the ultimate end-user the ability to specify many of the component parts that will be used to manufacture the commercial vehicle, including a wide variety of cab interior styles and colors, the brand and type of seats, type of seat fabric and color and specific mirror styling. In addition, certain of our products are only utilized in heavy-duty trucks, such as our storage systems, sleeper boxes, sleeper bunks and privacy curtains, and, as a result, changes in demand for heavy-duty trucks or the mix of options on a

Table of Contents

vehicle generally has a greater impact on our business than do changes in the overall demand for commercial vehicles. For example, a heavy-duty truck with a sleeper cab can contain three times as many interior features as a heavy-duty truck with a day cab which increases our content per vehicle. To the extent that demand increases for higher content vehicles, our revenues and gross profit will be positively impacted.

Along with North America, we have operations in Europe, Australia, Mexico and China. On an actual and pro forma basis, approximately 28% and 24%, respectively, of our revenues in 2004 have been derived from these operations. Our operating results are therefore impacted by exchange rate fluctuations to the extent we are unable to match revenues received in such currencies with costs incurred in such currencies. Strengthening of these foreign currencies as compared to the U.S. dollar, on an actual and pro forma basis, resulted in an approximately $11 million increase in our revenues in 2004 as compared to 2003. Because our costs were generally impacted to the same degree as our revenue, this exchange rate fluctuation did not have a material impact on our net income in 2004 as compared to 2003.

In response to the last downturn in the commercial vehicle market from 2000 to 2003, we implemented a number of operating initiatives to improve our overall cost structure and operating efficiencies. These included:

- eliminating excess production capacity through the closure and consolidation of four manufacturing facilities, two design centers and two assembly facilities;
- implementing Lean Manufacturing and Total Quality Production System (TQPS) initiatives throughout many of our U.S. manufacturing facilities to improve operating efficiency and product quality;
- reducing headcount for both salaried and hourly employees; and
- improving our design capabilities and new product development efforts to focus on higher margin product enhancements.

As a result of these initiatives, we improved our operating margins each year since 2000 despite a reduction in North American heavy-duty (Class 8) truck production of 28% from 252,000 units in 2000 to 182,000 units in 2003. We continuously seek ways to lower costs, improve manufacturing efficiencies and increase product throughput and intend to apply this philosophy to those operations recently acquired through the Mayflower and MWC acquisitions. We believe our ongoing cost saving initiatives and the establishment of our sourcing relationships in China will enable us to continue to lower manufacturing costs. In conjunction with the start-up of our Shanghai, China facility, we have established a relationship with Baird Asia Limited to assist us in sourcing products for use in our China facility as well as sourcing products for our operations in the United States at prices lower than we can purchase components today.

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

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

Recent Acquisitions

On February 7, 2005, we acquired substantially all of the assets and liabilities related to Mayflower Vehicle Systems North American Commercial Vehicle Operations for $107.5 million, and Mayflower became a wholly owned subsidiary of CVG. The Mayflower acquisition was funded through an increase and amendment to our senior credit facility. Mayflower is the only non-captive producer of complete steel and aluminum truck cabs for the commercial vehicle sector in North America. Mayflower serves the North American commercial vehicle sector from three manufacturing locations, Norwalk, Ohio, Shadyside, Ohio and Kings Mountain, North Carolina, supplying three major product lines: cab frames and assemblies, sleeper boxes and other structural components. Through the Mayflower acquisition we believe we are the only supplier worldwide to offer complete cab systems in sequence, integrating interior trim and seats with the cab structure. The acquisition gives us the leading position in North American cab structures and the number two position in complete cab assemblies, as well as full service cab and sleeper engineering and development capabilities with a technical facility located near Detroit, Michigan. Moreover, the Mayflower acquisition broadens our revenue base at International, Volvo/ Mack, Freightliner, PACCAR and Caterpillar and enhances our cross-selling opportunities. We anticipate that in addition to new opportunities, the Mayflower acquisition will provide significant cost saving opportunities. As we have complementary customers with Mayflower, this will also balance revenue distribution and strengthen customer relationships. For the year ended December 31, 2004, Mayflower recorded revenues of $206.5 million and operating income of $21.6 million. We estimate that the future tax benefits related to the deductibility of goodwill and intangible asset amortization to have an estimated present value of $12 million.

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

Basis of Presentation

Onex, Hidden Creek and certain other investors acquired Trim Systems in 1997 and each of Commercial Vehicle Systems, or CVS, and National/ KAB Seating in 2000. Each of these companies was initially owned through separate holding companies. The operations of CVS and National/ KAB Seating were formally combined under a single holding company, now known as Commercial Vehicle Group, Inc., on March 28, 2003. In connection with our initial public offering, Trim Systems became a wholly owned subsidiary of CVG on August 2, 2004. Because these businesses were under common control since their respective dates of acquisition, their respective historical results of operations have been combined for the periods in which they were under common control based on their respective historical basis of accounting.

Table of Contents

Results of Operations

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

	Year Ended December 31,			Three Months Ended March 31,	
	2002	2003	2004	2004	2005
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	83.4	82.7	81.4	82.0	82.8
Gross profit	16.6	17.3	18.6	18.0	17.2
Selling, general and administrative expenses	8.0	8.4	7.6	8.7	6.3
Noncash option charge	0.0	0.0	2.7	0.0	0.0
Amortization expense	0.1	0.1	0.0	0.0	0.0
Operating income	8.5	8.8	8.3	9.3	10.9
Other (income) expense	0.4	1.1	(0.3)	(3.8)	(1.9)
Interest expense	4.3	3.4	1.9	2.6	1.4
Loss on early extinguishment of debt	0.0	1.0	0.4	0.0	0.0
Income before income taxes and cumulative effect of change in accounting	3.8	3.3	6.3	10.5	11.4
Provision for income taxes	1.7	1.9	1.7	4.0	4.3
Income before cumulative effect of change in accounting	2.1	1.4	4.6	6.5	7.1
Cumulative effect of change in accounting	17.3	0.0	0.0	0.0	0.0
Net income (loss)	(15.2)%	1.4%	4.6%	6.5%	7.1%

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

Revenues. Revenues increased $66.4 million, or 77.2%, to $152.4 million in the three months ended March 31, 2005 from $86.0 million in the three months ended March 31, 2004. This increase resulted primarily from the acquisition of Mayflower which equated to approximately $40 million of increased revenue. In addition, a 48% increase in North American heavy truck production equated to approximately $23.1 million of increased revenues while higher OEM sales in the European and Asian seating markets increased revenues approximately $2.4 million. Favorable foreign exchange fluctuations also added approximately $0.9 million of revenues over the prior year period.

Gross Profit. Gross profit increased $10.8 million, or 69.5%, to $26.3 million in the three months ended March 31, 2005 from $15.5 million in the three months ended March 31, 2004. As a percentage of revenues, gross profit decreased to 17.2% in the three months ended March 31, 2005 from 18.0% in the three months ended March 31, 2004. This decrease resulted primarily from the continuing pressures on raw material commodities such as steel and petroleum which had a negative impact of approximately $3 million during the quarter.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $2.1 million, or 27.4%, to $9.6 million in the three months ended March 31, 2005 from $7.5 million in the three months ended March 31, 2004. This increase resulted principally from the Mayflower acquisition as well as additional costs related to the overall growth and costs related to being a public company versus the prior year period.

Table of Contents

Amortization Expense. Amortization expense decreased $12,000, or 33.3%, to $24,000 in the three months ended March 31, 2005 from $36,000 in the three months ended March 31, 2004.

Other (Income) Expense. We use forward exchange contracts to hedge foreign currency transaction exposures of our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion of the anticipated long or short position. We have not historically designated any of our forward exchange contracts as cash flow hedges, electing instead to mark-to-market the contracts and record the fair value of the contracts in our balance sheets, with the offsetting noncash gain or loss recorded in our consolidated statements of operations. The $2.9 million gain in the three months ended March 31, 2005 and the $3.3 million gain in the three months ended March 31, 2004 primarily represent the noncash change in value of the forward exchange contracts in existence at the end of each respective period.

Interest Expense. Interest expense decreased $0.1 million, or 4.5%, to $2.2 million in the three months ended March 31, 2005 from $2.3 million in the three months ended March 31, 2004. This decrease reflects a reduction in total debt during the respective periods offset by the addition of debt related to the Mayflower acquisition.

Provision for Income Taxes. Our effective tax rate was 37.4% for the three months ended March 31, 2005 and 38.0% for the same period in 2004. An income tax provision of $6.5 million in the three months ended March 31, 2005 compared to a provision for income tax of $3.4 million in the three months ended March 31, 2004. The minor reduction in effective rate quarter over quarter can be attributed to our tax position in certain geographical regions and changes in federal and state rates from the prior year period.

Net Income. Net income increased $5.3 million to $10.9 million in the three months ended March 31, 2005, compared to $5.6 million in the three months ended March 31, 2004, primarily as a result of the factors discussed above.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Revenues. Revenues increased $92.9 million, or 32.3%, to $380.4 million for the year ended December 31, 2004 from $287.6 million for the year ended December 31, 2003. We believe this increase resulted primarily from:

- an increase in North American heavy-duty truck production as well as an increase in production levels for other North American end markets, which resulted in approximately $67 million of increased revenues;
- new business awards related to seats, mirrors and interior trim, which resulted in approximately $13 million of increased revenues; and
- favorable foreign exchange fluctuations of approximately $11 million.

Gross Profit. Gross profit increased $21.1 million, or 42.4%, to $70.8 million for the year ended December 31, 2004 from $49.7 million for the year ended December 31, 2003. As a percentage of revenues, gross profit increased to 18.6% for the year ended December 31, 2004 from 17.3% for the year ended December 31, 2003. We believe this increase resulted primarily from the revenue increases discussed above and our ability to convert on the revenue increases at an overall incremental margin of 25% without having to incur additional fixed costs to support the increased revenues. In addition, we continued to seek material cost reductions, reductions in packaging costs and labor efficiencies to generate additional profits during the year ended December 31, 2004.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $4.7 million, or 19.4%, to $29.0 million for the year ended December 31, 2004 from $24.3 million for the year ended December 31, 2003. We believe this increase resulted principally from increases in wages and the cost of additional resources to accommodate product innovation and growth in the commercial vehicle sector as well as cost associated with being a public company.

Noncash Option Charge. To reward our senior management team for its success in reducing operating costs, integrating businesses and improving processes through cyclical periods, we granted options to purchase an aggregate of 910,869 shares of our common stock to 16 members of our management team in May 2004. The exercise price for such options is $5.54 per share. As modified, such options have a ten-year term with 100% of such options being currently exercisable. We incurred a noncash compensation charge of $10.1 million in the second quarter of 2004 as a result of the grant of these options. This noncash compensation charge equals the difference between $5.54 and the fair market value of our common stock as of the grant date of these options.

Amortization Expense. Amortization expense decreased 42.2%, to $107,000 for the year ended December 31, 2004 from $185,000 for the year ended December 31, 2003. This reduction was primarily the result of the decrease in deferred financing costs from the prior year period.

Other (Income) Expense. We use forward exchange contracts to hedge foreign currency transaction exposures of our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion of the anticipated long or short position. We have not historically designated any of our forward exchange contracts as cash flow hedges, electing instead to mark-to-market the contracts and record the fair value of the contracts on our balance sheet, with the offsetting noncash gain or loss recorded in our statement of operations. The $1.2 million gain for the year ended December 31, 2004 and the $3.2 million loss for the year ended December 31, 2003 represent the noncash change in value of the forward exchange contracts in existence at the end of each period.

Interest Expense. Interest expense decreased $2.6 million, or 26.1%, to $7.2 million for the year ended December 31, 2004 from $9.8 million for the year ended December 31, 2003. This decrease reflects a reduction in total debt of $73.5 million.

Loss on Early Extinguishment of Debt. As part of our August 2004 initial public offering, we wrote off capitalized debt financing costs which approximated $1.6 million. As part of the combination of CVS and National/ KAB Seating during March 2003, we wrote-off capitalized debt financing costs as well as certain costs incurred in connection with a credit agreement amendment. Total capitalized costs written-off and amendment costs expensed during the twelve months ended December 31, 2003 approximated $3.0 million.

Provision for Income Taxes. Our effective tax rate during the year ended December 31, 2004 was 27.1% compared to 57.1% for 2003. Provision for income taxes increased $1.2 million to $6.5 million for the year ended December 31, 2004, compared to an income tax provision of $5.3 million for the year ended December 31, 2003. The decrease in effective rate is due to the reversal of the existing valuation allowance after consideration of our future prospects.

Net Income. Net income increased $13.5 million to $17.4 million for the year ended December 31, 2004, compared to $4.0 million for the year ended December 31, 2003, primarily as a result of the factors discussed above.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Revenues. Revenues decreased $11.1 million, or 3.7%, to $287.6 million in 2003 from $298.7 million in 2002. Factors impacting the decline in revenues in 2003 included a decrease in North America heavy duty truck, bus and other customized transportation markets production volumes, which resulted in $17.5 million of decreased revenues and a $9.5 million decrease in certain trim-related products. These factors were partially offset by strong OEM sales in the Asian construction seating market of approximately $9.0 million as a result of rising demand for construction equipment in Asia to accommodate economic growth in that region and favorable foreign exchange fluctuations of $7.1 million.

Gross Profit. Gross profit increased $0.2 million, or 0.4%, to $49.7 million in 2003 from $49.5 million in 2002. As a percentage of revenues, gross profit increased to 17.3% in 2003 from 16.6% in 2002. We believe the $0.2 million increase in gross profit resulted primarily from the continued implementation of our Lean Manufacturing and TQPS initiatives and the corresponding reduction in scrap and overtime expenses at our Vonore, TN facility, as offset by the reduction in revenues described above.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $0.4 million, or 1.4%, to $24.3 million in 2003 from $23.9 million in 2002. This increase resulted from $0.3 million of cost efficiency improvements, offset by approximately $0.7 million of unfavorable foreign exchange fluctuations.

Amortization Expense. Amortization expense increased 51.6%, to $185,000 in 2003 from $122,000 in 2002.

Other (Income) Expense. The $3.2 million loss in 2003 and the $1.1 million loss in 2002 represent the noncash change in value of the forward exchange contracts in existence at the end of each year.

Interest Expense. Interest expense decreased $3.1 million, or 24.3%, to $9.8 million in 2003 from $12.9 million in 2002. This decrease reflects a reduction in average total debt of $6.4 million and a decrease in interest rates.

Loss on Early Extinguishment of Debt. As part of the combination of CVS and National/KAB Seating during March 2003, we wrote-off capitalized debt financing costs as well as certain costs incurred in connection with a credit agreement amendment. Total capitalized costs written-off and amendment costs expensed approximated $3.0 million.

Provision for Income Taxes. Our effective tax rate was 57.1% in 2003 and 46.0% before the cumulative effect of a change in accounting principle in 2002. Provision for income taxes increased $0.1 million, or 0.6%, to $5.3 million in 2003 from $5.2 million in 2002. The increase in the effective tax rate relates to the mix of income and loss among our North American and European tax jurisdictions and among our subsidiaries and their individual tax jurisdictions.

Cumulative Effect of Change in Accounting. The cumulative effect of change in accounting for 2002 represented the write-off of goodwill as a result of our adoption of the provisions of SFAS No. 142, effective January 1, 2002 (see Critical Accounting Policies and Estimates below).

Net Income. Net income for 2003 increased by $49.4 million to $4.0 million, from ($45.4) million in 2002, primarily as a result of the factors discussed above.

Restructuring and Asset Impairment Charges

In 2000, we recorded a $5.6 million restructuring charge as part of our cost and efficiency initiatives, closing two manufacturing facilities, two administrative centers, and reorganizing our manufacturing and administrative functions. Approximately $1.7 million of the charge was related to employee severance and associated benefits for the 225 terminated employees, approximately $2.6 million related to lease and other contractual commitments associated with the facilities and approximately $1.3 million of asset impairments related to the write-down of assets. All employees were terminated by the end of 2001. Our contractual commitments continue through 2005.

In 2001, we continued our cost and efficiency initiatives and closed a third manufacturing facility. Of the total $0.4 million restructuring charge, approximately $0.1 million related to employee severance and associated benefits for 77 employees and approximately $0.3 million related to lease and other contractual commitments associated with the facility. All employees were terminated by the end of 2002. The contractual commitments continue through 2009.

Table of Contents

A summary of restructuring activities is as follows:

	Balance at December 31, 2002	Payments/ Utilization	Balance at December 31, 2003	Payments/ Utilization	Balance at December 31, 2004
			(Dollars in thousands)		
Facility exit and other contractual costs	$ 1,177	$ (390)	$ 787	$ (509)	$ 278
Employee costs	98	(98)			
Total	$ 1,275	$ (488)	$ 787	$ (509)	$ 278

Liquidity and Capital Resources

Cash Flows

Cash from operations during the three months ended March 31, 2005 was $10.1 million, compared to $6.0 million during the three months ended March 31, 2004. Cash from operations during 2004 was $34.2 million, compared to $10.4 million in 2003 and $18.2 million in 2002.

Net cash used in investing activities was $109.2 million for the first three months of 2005 and $0.8 million for the comparable period in 2004. The amounts used in 2005 reflect both capital expenditure purchases and the acquisition of Mayflower. Net cash used in investing activities during 2004 was $8.9 million, compared to $6.0 million in 2003 and $4.9 million in 2002. All net cash used in investing activities was for capital expenditures, primarily for equipment and tooling purchases related to new or replacement programs and current equipment upgrades. We continue to focus on cash management and expect future annual capital expenditures to be below the level of our annual depreciation expense.

Net cash from financing activities totaled $100.0 million for the three months ended March 31, 2005, compared to net cash used by financing activities of $7.7 million in the same period of 2004. The net cash from financing activities in 2005 was principally related to the acquisition of Mayflower and the amendment to our senior credit facility. Net cash used in financing activities for 2004 totaled $28.4 million, compared to $2.8 million in 2003 and $14.8 million during 2002. The net cash used during 2004 and 2003 was principally related to repayments of outstanding borrowings under our senior credit facilities. The net cash used in 2002 was the result of $17.3 million of repayments under our senior credit facilities, offset by the issuance of $2.5 million of subordinated debt to certain of our principal stockholders.

Credit Facilities

As of March 31, 2005, we had an aggregate of $153.4 million of outstanding indebtedness excluding $3.3 million of outstanding letters of credit under various financing arrangements. We were in compliance with all of our respective financial covenants under our debt and credit facilities as of March 31, 2005.

In August 2004, in connection with our initial public offering, we entered into a $105.0 million senior credit facility, consisting of a $65.0 million term loan and a $40.0 million revolving line of credit. We used borrowings under the term loan, together with proceeds of the offering to repay all of our existing borrowings under our then existing senior credit facilities and to repay all of our then existing subordinated indebtedness. In connection with this senior credit facility, we recorded a loss in the third quarter of 2004 on the early extinguishment of debt of approximately $1.6 million related to unamortized deferred financings fees.

In February 2005, in connection with the Mayflower acquisition, we amended our senior credit facility to increase the revolving credit facility from $40.0 million to $75.0 million and the term loans from $65.0 million to $145.0 million. We used borrowings of approximately $106.4 million under our amended senior credit facility to fund substantially all of the purchase price for the Mayflower acquisition.

Table of Contents

As of March 31, 2005, we had outstanding indebtedness of $5.9 million under our revolving credit facility and $141.1 million under our term loan facility. The weighted average rate on these borrowings, for the quarter ended March 31, 2005, ranged from 6.7% with respect to the revolving borrowings to 6.5% for the term loan borrowings and 7.1% for the foreign currency term loan borrowings.

In June 2005, in connection with the MWC acquisition, we amended our senior credit facility to increase the revolving credit facility from $75.0 million to $100.0 million. In addition, the amendment increased certain baskets in the lien, investments and asset disposition covenants to reflect the Company s increased size as a result of the Mayflower and MWC acquisitions. We used revolving credit borrowings of approximately $58.0 million under our amended senior credit facility to fund substantially all of the purchase price for the MWC acquisition. Pro forma for the MWC acquisition, and the sale of 1,500,000 shares of common stock by us pursuant to this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds, we would have had outstanding indebtedness of $36.7 million under our revolving credit facility and $141.1 million under our term loan facility as of March 31, 2005.

In connection with our concurrent senior notes offering, we intend to enter into an additional amendment to our senior credit facility which will provide for, among other things, the incurrence of debt in connection with the senior notes offering and the application of the net proceeds therefrom. Pro forma for the MWC acquisition, our sale of 1,500,000 shares of common stock and the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds, and our senior notes offering, we would have had no outstanding indebtedness under our revolving credit facility and $33.1 million under our term loan facility as of March 31, 2005.

The revolving credit facility is available until January 31, 2010 and the term loans are due and payable on December 31, 2010. Based on the provisions of EITF 96-19, *Debtor s Accounting for a Modification or Exchange of Debt Instruments,* approximately $1.7 million third party fees relating to the credit agreement were capitalized and are being amortized over the life of the credit agreement.

Under the terms of our senior credit facility, availability under the revolving credit facility is subject to the lesser of (i) a borrowing base that is equal to the sum of (a) 80% of eligible accounts receivable plus (b) 50% of eligible inventory; or (ii) $100.0 million. Borrowings under the senior credit facility bear interest at a floating rate which can be either the prime rate or LIBOR plus the applicable margin to the prime rate and LIBOR borrowings based on our leverage ratio. The senior credit facility contains various financial covenants, including a minimum fixed charge coverage ratio of not less than 1.30, and a minimum ratio of EBITDA to cash interest expense of not less than 2.50, in each case for the twelve month period ending on December 31 of each year, a limitation on the amount of capital expenditures of not more than $25.0 million in any fiscal year and a maximum ratio of total indebtedness to EBITDA as of the last day of each fiscal quarter as set forth below:

Quarter(s) Ending	**Maximum Total Leverage Ratio**
3/31/05 through 9/30/05	3.00 to 1.00
12/31/05 through 9/30/06	2.75 to 1.00
12/31/06 and each fiscal quarter thereafter	2.50 to 1.00

The senior credit facility also contains covenants restricting certain corporate actions, including asset dispositions, acquisitions, dividends, changes of control, incurring indebtedness, making loans and investments and transactions with affiliates. If we do not comply with such covenants or satisfy such ratios, our lenders could declare a default under the senior credit facility, and our indebtedness thereunder could be declared immediately due and payable. The senior credit facility is collateralized by substantially all of our assets. The senior credit facility also contains customary events of default.

In addition, as of March 31, 2005, we also had $6.5 million of indebtedness from borrowings financed through the issuance of industrial development bonds relating to our Vonore, Tennessee facility. These

Table of Contents

borrowings had a final maturity of August 1, 2006 and bore interest at a variable rate which was adjusted on a weekly basis by the placement agent such that the interest rate on the bonds was sufficient to cause the market value of the bonds to be equal to, as nearly as practicable, 100% of their principal amount. As of March 31, 2005, this interest rate was 2.5%. On May 2, 2005 we redeemed these bonds for approximately $6.5 million.

We believe that cash flow from operating activities together with available borrowings under our senior credit facility will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for at least the next twelve months. Capital expenditures for fiscal 2005 are anticipated to be approximately $21 million. We regularly review acquisition and additional opportunities, which may require additional debt or equity financing.

Contractual Obligations and Commercial Commitments

The following tables reflect our contractual obligations as of December 31, 2004 on an actual and pro forma basis giving effect to the Mayflower acquisition, the MWC acquisition, the sale of 1,500,000 shares of common stock by us pursuant to this offering, the exercise of management s options to purchase 314,568 shares of our common stock and the application of the net proceeds therefrom as described in Use of Proceeds.

Actual

	Payments Due by Period				
	Total	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
	(Dollars in thousands)				
Long-term debt obligations	$ 53,925	$ 4,884	$ 19,320	$ 22,585	$ 7,136
Operating lease obligations	17,480	5,082	7,141	4,724	533
Total	$ 71,405	$ 9,966	$ 26,461	$ 27,309	$ 7,669

Pro Forma

	Payments Due by Period				
	Total	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
	(Dollars in thousands)				
Long-term debt obligations	$ 185,738	$ 15,534	$ 47,088	$ 101,409	$ 21,707
Operating lease obligations	21,651	6,703	9,006	5,409	533
Total	$ 207,389	$ 22,237	$ 56,094	$ 106,818	$ 22,240

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

As of December 31, 2004 and March 31, 2005, we were not party to significant purchase obligations for goods or services.

Table of Contents

Off-Balance Sheet Arrangements

We use standby letters of credit to guarantee our performance under various contracts and arrangements, principally in connection with our workers compensation liabilities and for leases on equipment and facilities. These letter of credit contracts are usually extended on a year-to-year basis. As of December 31, 2004 and March 31, 2005, we had outstanding letters of credit of $2.8 million and $3.3 million respectively. We do not believe that these letters of credit will be required to be drawn.

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

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2 of our consolidated financial statements. Certain of our accounting policies require the application of significant judgment by us in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. On an ongoing basis, we evaluate estimates, including those related to revenue recognition and sales commitments, valuation of goodwill, accounting for income taxes and defined benefit pension plan assumptions. We base our estimates on historical experience and assumptions believed to be reasonable under the circumstances. Those estimates form the basis for our judgments that affect the amounts reported in our financial statements. Ultimate results could differ from our estimates under different assumptions or conditions.

Revenue Recognition and Sales Commitments. We recognize revenue as our products are shipped from our facilities to our customers, which is when title passes to the customer for substantially all of our sales. We enter into agreements with our customers at the beginning of a given platform s life to supply products for that platform. Once we enter into such agreements, fulfillment of our purchasing requirements is our obligation for the entire production life of the platform, with terms generally ranging from five to seven years, and we have no provisions to terminate such contracts. In certain instances, we may be committed under existing agreements to supply product to our customers at selling prices that are not sufficient to cover the direct cost to produce such product. In such situations, we record a liability for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and are recorded at the minimum amount necessary to fulfill our obligations to our customers. The estimated amount of such losses was approximately $0.6 million at December 31, 2004. We believe such estimate is reasonable and we do not anticipate additional losses; however, any change in the estimate will result in a change in period income (loss). We are subjected to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers continue to require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which we supplied products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products, when the product supplied did not perform as represented. Our policy is to reserve for estimated future customer warranty costs based on historical trends and current economic factors.

Valuation of Goodwill. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Under SFAS No. 142, *Goodwill and Other Intangible Assets,* goodwill and intangible assets with indefinite lives are no longer amortized, but reviewed for impairment annually or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. We adopted SFAS No. 142 effective January 1, 2002.

Upon adoption of SFAS No. 142, we completed step one of the transitional goodwill impairment test, using a combination of valuation techniques, including the discounted cash flow approach and the market multiple approach, for each of our three reporting units. Upon completion of the required assessments under SFAS No. 142, we determined that the fair market value of the goodwill assigned to two of our reporting units was lower than its book value, resulting in an after-tax transitional impairment charge of approximately $51.6 million. The write-off was recorded as a cumulative effect of a change in accounting principle in our consolidated statement of operations for the quarter ended March 31, 2002. Under the valuation techniques and approach applied by us in our SFAS No. 142 analysis, a change in certain key assumptions applied, such as the discount rate, projected future cash flows and mix of cash flows by geographic region could significantly impact the results of our assessment. The estimates we used are based upon reasonable and supportable assumptions and consider all available evidence. However, there is inherent uncertainty in estimating future cash flows and termination values.

We perform impairment tests annually, during the second quarter, and whenever events or circumstances occur indicating that goodwill or other intangible assets might be impaired. Based upon our 2004 annual assessment, no impairment of goodwill was deemed to have occurred.

Accounting for Income Taxes. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. In addition, tax expense includes the impact of differing treatment of items for tax and accounting purposes which result in deferred tax assets and liabilities which are included in our consolidated balance sheet. To the extent that recovery of deferred tax assets is not likely, we must establish a valuation allowance. Significant judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. As of December 31, 2003, we had recorded a valuation allowance of $3.8 million. As of December 31, 2004, we determined that we no longer require a valuation allowance due to the likelihood of recovery in future periods. In the event that our actual results differ from our estimates or we adjust these estimates in future periods, the effects of these adjustments could materially impact our financial position and results of operations. The net deferred tax asset as of December 31, 2004 was $14.1 million.

Commercial Vehicle Group Defined Benefit Pension Plan. We sponsor a defined benefit pension plan that covers certain of our hourly and salaried employees at our United Kingdom operations. Our policy is to make annual contributions to this plan to fund the normal cost as required by local regulations. In calculating obligation and expense, we are required to make certain actuarial assumptions. These assumptions include discount rate, expected long-term rate of return on plan assets and rates of increase in compensation. Our assumptions are determined based on current market conditions, historical information and consultation with and input from our actuaries. We have historically used December 31 as our annual measurement date. For 2004, we assumed a discount rate of 5.50% to determine our benefit obligations. Holding other variables constant (such as expected return on plan assets and rate of compensation increase), a one percentage point decrease in the discount rate would have increased our expense by $0.2 million and our benefit obligation by $8.1 million.

We employ a building block approach in determining the expected long-term rate of return for plan assets, based on historical markets, long-term historical relationships between equities and fixed income investments and considering current market factors such as inflation and interest rates. Holding other variables constant (such as discount rate and rate of compensation increase), a one percentage point decrease in the expected long-term rate of return on plan assets would have increased our expense by $0.3 million. We expect to contribute approximately $1.2 million to our pension plans in 2005.

We employ a total return investment approach in managing pension plan assets whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. At December 31, 2004, our pension assets were comprised of 52% equity securities, 25% debt securities and 23% other investments.

Mayflower Defined Benefit Pension Plan and Postretirement Benefits. As part of the Mayflower acquisition, we also sponsor three defined benefit plans and two postretirement benefit plans that cover certain hourly and salaried Mayflower employees. Our policy is to make annual contributions to the defined benefit plans to fund the normal cost as required by federal regulations. In calculating the obligations and expenses for the plans, we are required to make certain actuarial assumptions. These assumptions include discount rate, expected long-term rate of return on plan assets, rates of increase in compensation, and rate of increase in the per capita cost of covered health care benefits. Our assumptions are determined based on current market conditions, historical information and consultation with and input

47

Table of Contents

from our actuaries. Mayflower has historically used December 31 as the annual measurement date. For 2004, Mayflower assumed a discount rate of 6.00% for the defined benefit pension plans and 5.7% for the postretirement benefit plans to determine the benefit obligations. Holding other variables constant for our defined benefit pension plans (such as expected return on plan assets and rate of compensation increase), a one percentage point decrease in the discount rate would have increased our expense by $0.5 million and our benefit obligation by $4.4 million.

We employ a building block approach in determining the expected long-term rate of return for plan assets, based on historical markets, long-term historical relationships between equities and fixed income investments and considering current market factors such as inflation and interest rates. Holding other variables constant for the Mayflower defined benefit pension plans (such as discount rate and rate of compensation increase), a one percentage point decrease in the expected rate of return on plan assets would have increased our expense by $0.2 million. We expect to contribute approximately $1.049 million to the Mayflower pension plans in 2005.

We employ a total return investment approach in managing the Mayflower pension plan assets whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. At December 31, 2004, the Mayflower pension assets were comprised of 40% fixed income securities and 60% equity securities.

While any negative impact of these Critical Accounting Policies and Estimates would generally result in noncash charges to earnings, the severity of any charge and its impact on stockholders investment could adversely affect our borrowing agreements, cost of capital and ability to raise external capital. Our senior management has reviewed these Critical Accounting Policies and Estimates with the audit committee of our board of directors, and the audit committee has reviewed its disclosure in this management discussion and analysis.

Recent Accounting Pronouncements

In December 2003, the FASB issued SFAS No. 132R, a revision to SFAS No. 132, *Employers Disclosures about Pensions and Other Postretirement Benefits.* SFAS No. 132R does not change the measurement or recognition related to pension and other postretirement plans required by SFAS No. 87, *Employers Accounting for Pensions,* SFAS No. 88, *Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits,* and SFAS No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions,* and retains the disclosure requirements contained in SFAS No. 132. SFAS No. 132R requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132R is effective for financial statements with fiscal years ending after December 15, 2003, with the exception of disclosure requirements related to foreign plans and estimated future benefit payments which are effective for fiscal years ending after June 15, 2004. We have adopted the new disclosure requirements as effective in 2004.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs.* SFAS No. 151 requires that abnormal amounts of idle facility expense, freight, handling costs, and spoilage be recognized as current-period charges. The Statement also requires that fixed production overhead be allocated to conversion costs based on the normal capacity of the production facilities. SFAS No. 151 is effective for inventory costs incurred by the Company beginning in fiscal year 2006. We are in the process of determining the impact adoption of SFAS No. 151 will have on our results of operations.

In December 2004, the FASB revised SFAS No. 123, *Share Based Payment* (SFAS No. 123R). SFAS No. 123R supercedes Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees,* which resulted in no stock-based employee compensation cost related to stock options if the options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. SFAS No. 123R requires recognition of employee services provided in exchange for a share-based payment based on the grant date fair market value. We are required to adopt SFAS No. 123R as of July 1, 2005. As of the effective date, SFAS No. 123R applies to all new awards

Table of Contents

issued as well as awards modified, repurchased, or cancelled. Additionally, for stock-based awards issued prior to the effective date, compensation cost attributable to future services will be recognized as the remaining service is rendered. We may also elect to restate prior periods by applying a modified retrospective method to periods prior to the effective date. We are in the process of determining which method of adoption we will elect as well as the potential impact on our consolidated financial statements upon adoption.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

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

We manage our interest rate risk by balancing the amount of our fixed rate and variable rate debt and through the use of interest rate protection agreements. The objective of the interest rate protection agreements is to more effectively balance our borrowing costs and interest rate risk and reduce financing costs. For fixed rate debt, interest rate changes affect the fair market value of such debt but do not impact earnings or cash flows. Conversely for variable rate debt, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. At March 31, 2005, all of our debt was variable rate debt. Holding other variables constant (such as foreign exchange rates and debt levels), a one percentage point change in interest rates would be expected to have an impact on pre-tax earnings and cash flows for the next year of approximately $1.5 million. The impact on the fair market value of our debt at March 31, 2005 would have been insignificant. On a pro forma basis, a one percentage point change in interest rates would be expected to have an impact on pre-tax earnings and cash flows for the next year of approximately $1.8 million, the impact of which on the fair market value of our debt at March 31, 2005 would have been insignificant.

At March 31, 2005, we had a rate cap agreement in place that capped the interest rate at 6.0% on $30 million of our variable rate indebtedness. Outstanding foreign currency forward exchange contracts at March 31, 2005 are more fully described in the notes to our financial statements included elsewhere in this filing. The fair value of these contracts at March 31, 2005 amounted to a net asset of $3.3 million, which is reflected in other assets in our condensed March 31, 2005 balance sheet. None of these contracts have been designated as cash flow hedges; thus, the change in fair value at each reporting date is reflected as a noncash charge (income) in our statement of operations. We may designate future forward exchange contracts as cash flow hedges.

Foreign Currency Risk

Foreign currency risk is the risk that we will incur economic losses due to adverse changes in foreign currency exchange rates. We use forward exchange contracts to hedge foreign currency translation exposures of our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations, and will hedge a portion or all of the anticipated long or short position. The contracts typically run from three months up to three years. These contracts are marked-to-market and the fair value is included in assets (liabilities) in our balance sheets, with the offsetting noncash gain or loss included in our statements of operations. We do not hold or issue foreign exchange options or forward contracts for trading purposes.

Our primary exposures to foreign currency exchange fluctuations are pound sterling/ Eurodollar and pound sterling/ Japanese yen. At March 31, 2005, the potential reduction in earnings from a hypothetical instantaneous 10% adverse change in quoted foreign currency spot rates applied to foreign currency sensitive instruments would not have been significant. The foreign currency sensitivity model is limited by the assumption that all of the foreign currencies to which we are exposed would simultaneously decrease by 10% because such synchronized changes are unlikely to occur. The effects of the forward exchange contracts have been included in the above analysis; however, the sensitivity model does not include the inherent risks associated with the anticipated future transactions denominated in foreign currency.

Foreign Currency Transactions

A significant portion of our revenues during the three months ended March 31, 2005 and the year ended December 31, 2004 were derived from manufacturing operations outside of the United States. The results of operations and the financial position of our operations in these other countries are principally measured in their respective currency and translated into U.S. dollars. A significant portion of the expenses generated in these countries is in currencies different from which revenue is generated. As discussed above, from time to time, we enter into forward exchange contracts to mitigate a portion of this currency risk. The reported income of these subsidiaries will be higher or lower depending on a weakening or strengthening of the U.S. dollar against the respective foreign currency.

A significant portion of our assets at March 31, 2005 are based in our foreign operations and are translated into U.S. dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders investment. Accordingly, our stockholders investment will fluctuate depending upon the weakening or strengthening of the U.S. dollar against the respective foreign currency.

Effects of Inflation

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

Table of Contents

INDUSTRY

Within the commercial vehicle industry, we sell our products primarily to the heavy truck segment of the North American OEM market (54% of our 2004 sales), the North American aftermarket and OEM service organizations for use in heavy trucks (11% of our 2004 sales) and the construction segments of the global OEM market (18% of our 2004 sales). The majority of our remaining 17% of 2004 sales were to other global commercial vehicle markets.

Commercial Vehicle Supply Market Overview

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

Our largest end-market segment, the commercial truck industry, is supplied by heavy- and medium-duty commercial truck suppliers. The commercial truck supplier industry is highly fragmented and comprised of several large companies and many smaller companies. In addition, the heavy-duty (Class 8) truck supplier industry is characterized by relatively low production volumes as well as considerable barriers to entry, including the following: (1) significant capital investment requirements, (2) stringent OEM technical and manufacturing requirements, (3) high switching costs to shift production to new suppliers, (4) just-in-time delivery requirements to meet OEM needs and (5) strong brand name recognition. Foreign competition is limited in the North American commercial vehicle market due to many factors, including the need to be responsive to order changes on short notice, high shipping costs, customer concerns about quality given the safety aspect of many of our products and service requirements.

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

Commercial Truck Market

Purchasers of commercial trucks include fleet operators, owner operators and other industrial end users. Commercial vehicles used for local and long-haul commercial trucking are generally classified by gross vehicle weight. Class 8 vehicles are trucks with gross weight in excess of 33,000 lbs. and Class 5 through 7 vehicles are trucks with gross weight from 16,001 lbs. to 33,000 lbs. The following table shows commercial vehicle production levels for 2000 through 2004 in North America:

	2000	2001	2002	2003	2004
		(Thousands of units)			
Class 8 heavy trucks	252	146	181	182	269
Class 5 7 light and medium-duty trucks	215	185	191	194	240
Total	467	331	372	376	509

Source: ACT Research (February and May 2005).

Table of Contents

The following describes the major segments of the commercial vehicle market in which we compete:

Class 8 Truck Market

The global Class 8 truck manufacturing market is concentrated in three primary regions: North America, Asia-Pacific and Europe. We believe that North America has the largest truck market of these three regions. The global Class 8 truck market is localized in nature due to the following factors: (1) the prohibitive costs of shipping components from one region to another, (2) the high degree of customization of Class 8 trucks to meet the region-specific demands of end users, and (3) the ability to meet just-in-time delivery requirements. According to ACT, four companies represented approximately 100% of North American Class 8 truck production in 2004. The percentages of Class 8 production represented by Freightliner, PACCAR, International and Volvo/ Mack were 36%, 25%, 20% and 19%, respectively. We supply products to all of these OEMs.

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

In mid-2003, evidence of renewed growth emerged and truck tonmiles (number of miles driven multiplied by number of tons transported) began to increase. Accompanying the increase in truck tonmiles, new truck sales also began to increase. During the second half of 2003, new truck dealer inventories declined and, consequently, OEM truck order backlogs began to increase. According to ACT, monthly truck order rates began increasing significantly in December 2003. Class 8 net truck orders for 2004 were approximately 262,000 units, up 43% from approximately 184,000 units in 2003. Since 2003, all of the major OEMs have increased their truck build rates to meet the increased demand.

The following table illustrates North American Class 8 truck build for the years 1998 to 2009:

North American Class 8 Truck Build Rates
(In thousands)

E Estimated

Source: ACT Research (February and May 2005).

According to ACT, unit production for 2005 is estimated to increase approximately 22% over 2004 levels to 327,000 units. According to the same source, truck unit production is expected to continue increasing in 2006, with projected unit production of 346,000 units. We believe that this projected increase

Table of Contents

is due to several factors, including (1) improvement in the general economy in North America, which is expected to lead to growth in the industrial sector, (2) corresponding growth in the movement of goods, which is expected to lead to demand for new trucks and increasing requirements of logistics companies, (3) rising hauler profits, (4) the growing acceptance of new engines and (5) under-investment during the recent recession and the growing need to replace aging truck fleets. ACT forecasts unit production to decline in 2007, due primarily to an increase in purchasing of trucks forecasted to occur in anticipation of the institution of more stringent EPA emissions standards in 2007.

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

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

Truck Freight Growth. ACT projects that total domestic truck freight will continue to increase over the next five years, driven by growth in GDP. In addition, national suppliers and distribution centers, burdened by the pricing pressure of large manufacturing and retail customers, have continued to reduce on-site inventory levels. This reduction requires freight handlers to provide to-the-hour delivery options. As a result, Class 8 heavy-duty trucks have replaced manufacturing warehouses as the preferred temporary storage facility for inventory. Since trucks are typically viewed as the most reliable and flexible shipping alternative, truck tonmiles, as well as truck platform improvements, should continue to increase in order to meet the increasing need for flexibility under the just-in-time system. ACT forecasts that total heavy-duty truck tonmiles will increase from 2,619 billion in 2004 to 2,999 billion in 2009, as summarized in the following graph:

Total U.S. Tonmiles (Class 8)
(Number of tonmiles in billions)

E Estimated

Source: ACT Research (February and May 2005).

Table of Contents

Truck Replacement Cycle and Fleet Aging. In 2002, the average age of Class 8 trucks passed the ten-year average of 5.5 years. In 2003, the average age increased further to 5.9 years. The average fleet age tends to run in cycles as freight companies permit their truck fleets to age during periods of lagging demand and then replenish those fleets during periods of increasing demand. Additionally, as truck fleets age, their maintenance costs increase. Freight companies must therefore continually evaluate the economics between repair and replacement. Other factors, such as inventory management and the growth in less-than-truckload freight shipping, also tend to increase fleet mileage and, as a result, the truck replacement cycle. The chart below illustrates the average age of active U.S. Class 8 trucks:

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

Source: ACT Research (October 2004).

Suppliers Relationships with OEMs. Supplier relationships with OEMs are long-term, close and cooperative in nature. OEMs must expend both time and resources to work with suppliers to form an efficient and trusted operating relationship. Following this investment, and in some cases, the designation of a supplier as standard, OEMs are typically hesitant to change suppliers given the potential for disruptions in production.

Commercial Truck Aftermarket

Demand for aftermarket products tends to be less cyclical than OEM demand because vehicle owners are more likely to repair vehicles than purchase new ones during recessionary periods, and thus aftermarket demand generally is more stable during such periods. Demand for aftermarket products is driven by the quality of OEM parts, the number of vehicles in operation, the average age of the vehicle fleet, vehicle usage, the average useful life of vehicle parts and total tonmiles. The aftermarket is a growing market, as the overall size of the North American fleet of Class 8 trucks has continued to increase and is attractive because of the recurring nature of the sales. Additionally, aftermarket sales tend to be at a higher margin, as truck component suppliers are able to leverage their already established fixed cost base and exert moderate pricing power with their replacement parts. The recurring nature of aftermarket revenue provides some insulation to the overall cyclical nature of the industry, as it tends to provide a more stable stream of revenues.

Commercial Construction Vehicle Market

Purchasers of heavy construction equipment (weighing over 12 metric tons) include construction companies, municipalities, local governments, rental fleet owners, quarrying and mining companies, waste management companies and forestry related concerns. Purchasers of light construction equipment (weighing under 12 metric tons) include contractors, rental fleet owners, landscapers, logistics companies and farmers. Sales of heavy construction equipment are particularly dependent on the level of major infrastructure construction and repair projects such as highways, dams and harbors, which is a function of government spending and economic growth. The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodeling and renovation, which in turn is influenced by interest rates.

Military Equipment Market

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

Commercial Vehicle Industry Trends

Our performance and growth are directly related to trends in the commercial vehicle market that are focused on end-user retention, comfort and safety. These commercial vehicle industry trends include the following:

System Sourcing. Commercial vehicle OEMs are beginning to seek suppliers capable of providing fully-engineered, complete systems rather than suppliers who produce the separate parts that comprise a system. By outsourcing complete systems, OEMs are able to reduce the costs associated with the design and integration of different components and improve quality by requiring their suppliers to assemble and test major portions of the vehicle prior to beginning production. In addition, OEMs are able to develop more efficient assembly processes when complete systems are delivered in sequence rather than as individual parts or components.

Globalization of Suppliers. To serve multiple markets more cost effectively, many commercial vehicle OEMs are manufacturing global vehicle platforms that are designed in a single location but are produced and sold in many different geographic markets around the world. Having operations in the geographic markets in which OEMs produce their global platforms enables suppliers to meet OEMs needs more economically and more efficiently.

Shift of Design and Engineering to Suppliers. OEMs are focusing their efforts on brand development and overall vehicle design, instead of the design of individual vehicle systems. OEMs are increasingly looking to their suppliers to provide suggestions for new products, designs, engineering developments and manufacturing processes. As a result, Tier 1 suppliers are gaining increased access to confidential planning information regarding OEMs future vehicle designs and manufacturing processes. Systems and modules increase the importance of Tier 1 suppliers because they generally increase the Tier 1 suppliers percentage of vehicle content.

Broad Manufacturing Capabilities. With respect to commercial vehicle interiors, OEMs are requiring their suppliers to manufacture interior systems and products utilizing alternative materials and processes in order to meet OEMs demand for customized styling or cost requirements. In addition, while OEMs seek to differentiate their vehicles through the introduction of innovative interior features, suppliers are proactively developing new interior products with enhanced features.

Ongoing Supplier Consolidation. The worldwide commercial vehicle supply industry is in the early stages of consolidating as suppliers seek to achieve operating synergies through business combinations, shift production to locations with more flexible work rules and practices, acquire complementary technologies, build stronger customer relationships and follow their OEM customers as they expand globally. Suppliers need to provide OEMs with single-point sourcing of integrated systems and modules on a global basis, and this is expected to drive further industry consolidation. Furthermore, the cost focus of most major OEMs has forced suppliers to reduce costs and improve productivity on an ongoing basis, including by achieving economies of scale through consolidation.

Table of Contents

BUSINESS

Our Company

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

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

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

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

On June 3, 2005 we acquired the stock of Monona Corporation, the parent of MWC, for $55.0 million. MWC specializes in low volume electronic wire harnesses and instrument panel assemblies and also assembles cabs for the construction market. The MWC acquisition will enhance our ability to offer integrated electronics and instrument panel assemblies, expand our cab assembly capabilities into new end markets and provide us with a world class Mexican assembly operation strategically located near several of our existing OEM customers.

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

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

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

Our Competitive Strengths

We believe that our competitive strengths include the following:

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

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

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

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

Strong Relationships with Leading Customers and Major Fleets. Because of our comprehensive product offerings, sole source position for certain of our products, leading Class 8 brand names and innovative product features, we believe we are an important long-term supplier to all of the leading truck manufacturers in North America and also a global supplier to leading heavy equipment customers such as Caterpillar, Oshkosh Truck, Deere & Co., Komatsu and Volvo. In addition, through our sales force and engineering teams, we maintain active relationships with the major truck fleet organizations that are end users of our products such as Yellow Freight, Swift Transportation, Schneider National and Ryder Leasing. As a result of our high-quality, innovative products, well-recognized brand names and customer service, a majority of the largest 100 fleet operators specifically request our products.

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

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

Table of Contents

addition, we have added significant management, technical and operations talent with our recent acquisitions.

Our Business Strategy

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

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

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

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

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

Pursue Strategic Acquisitions and Continue to Diversify Sales. We will selectively pursue complementary strategic acquisitions that allow us to leverage the marketing, engineering and manufacturing strengths of our business and expand our sales to new and existing customers. The markets in which we operate are highly fragmented and provide ample consolidation opportunities. The acquisition

Table of Contents

of Mayflower will enable us to be the only supplier worldwide to offer complete cab systems in sequence, integrating interior trim and seats with the cab structure. The MWC acquisition will enable us to provide integrated electronic systems into our cab products. Each of these acquisitions has expanded and diversified our sales to include a greater percentage to non-heavy truck markets, such as the construction and specialty and military vehicle markets.

Our Recent Acquisitions

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

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

Products

We offer OEMs a broad range of products and system solutions for a variety of end market vehicle applications that include local and long-haul commercial truck, bus, construction, specialty automotive, agricultural, military, end market industrial, marine, municipal and recreation. Fleets and OEMs are increasing their focus on cabs and their interiors to differentiate products and improve driver comfort and retention. We manufacture over 50 product categories, many of which are critical to the interior subsystems of a commercial vehicle cab. Although a portion of our products are sold directly to OEMs as finished components, we use most of our products to produce systems or subsystems, which are groups of component parts located throughout the vehicle that operate together to provide a specific vehicle function. Systems currently produced by us include cab bodies, sleeper boxes, seating, trim, body panels, storage cabinets, floor covering, mirrors, windshield wipers, headliners, window lifts, door locks, temperature measurement and wire harnesses. We classify our products into five general categories:

Table of Contents

(1) seats and seating systems, (2) trim systems and components, (3) mirrors, wipers and controls, (4) cab structures, sleeper boxes, body panels and structural components and (5) electronic wire harnesses and panel assemblies.

The following table shows the percentage of sales from our principal product categories in 2004 on an actual and pro forma basis:

	2004 Sales	
Product Category	**Actual**	**Pro Forma**
Seats and Seating Systems	53%	30%
Trim Systems and Components	28	16
Mirrors, Wipers and Controls	19	11
Cab Structures, Sleeper Boxes, Body Panels and Structural Components		31
Electronic Wire Harnesses and Panel Assemblies		12
Total	100%	100%

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

Seats and Seating Systems.

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

Heavy Truck Seats. We produce seats and seating systems for Class 8 heavy trucks in our North American operations. Our heavy truck seating systems are designed to achieve maximum driver comfort by adding a wide range of manual and power features such as lumbar supports, cushion and back bolsters and leg and thigh supports. Our heavy truck seats are highly specialized based on a variety of different seating options offered in OEM product lines. Our seats are built to customer specifications in low volumes and consequently are produced in numerous combinations with a wide range of price points. There are approximately 350 parts in each seat, resulting in over 2 million possible seat combinations. Adding features to a standard seat is the principal way to increase pricing, and the price of one seat can range from $180 for a standard suspension seat to over $400 for an air seat with enhanced features.

We differentiate our seats from our competitors seats by focusing on three principal goals: driver comfort, driver retention and decreased workers compensation claims. Drivers of heavy trucks recognize and are often given the opportunity to specify their choice of seat brands, and we strive to develop strong customer loyalty both at the commercial vehicle OEMs and among the drivers. We believe that we have superior technology and can offer a unique seat base that is ergonomically designed, accommodates a range of driver sizes and absorbs shock to maximize driver comfort. We recently introduced the Back Cycler seat mechanism to reduce driver fatigue and a new high performance air suspension seat system.

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

Other Seating Products. Our European operations also manufacture office seating products. Our office chair was developed as a result of our experience supplying chairs for the heavy truck, agricultural and construction industries and is fully adjustable to maximize comfort at work. Our office chairs are

Table of Contents

available in a wide variety of colors and fabrics to suit many different office environments, such as emergency services, call centers, receptions, studios, boardrooms and general office.

Trim Systems and Components.

We design, engineer, and produce trim systems and components for the interior cabs of commercial vehicles. Our interior trim products are designed to provide a comfortable interior for the vehicle occupants as well as a variety of functional and safety features. The wide variety of features that can be selected by the heavy truck customer makes trim systems and components a complex and highly specialized product category. For example, a sleeper cab can contain three times as many trim components as a day cab, and can cost, on average, over $900 for a fully loaded sleeper cab as compared to $260 for an average day cab. Set forth below is a brief description of our principal trim systems and components:

Trim Products. Our trim products include A-Pillars, B-Pillars, door panels and interior trim panels. Door panels consist of several component parts that are attached to a substrate. Specific components include vinyl or cloth-covered appliqués, armrests, radio speaker grilles, map pocket compartments, carpet and sound-reducing insulation. In addition, door panels often incorporate electronic and electrical distribution systems and products, including lock and latch, window glass, window regulators and audio systems as well as wire harnesses for the control of power seats, windows, mirrors and door locks. Our products are attractive, lightweight solutions from a traditional cut and sew approach to a contemporary molded styling theme. The parts can be color matched or top good wrapped to integrate seamlessly with the rest of the interior. We recently developed a one-step twin shell vacuum forming process for flooring systems and headliners.

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

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

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

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

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

Grab Handles and Armrests. Our grab handles and armrests are designed and engineered with specific attention to aesthetics, ergonomics and strength. Our T-Skin^{tm} product uses a wide range of inserts

Table of Contents

and substrates for structural integrity. The integral skin urethane offers a soft touch and can be in-mold coated to specific colors.

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

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

Sun Visors. Our sun visors are fully integrated for multi access mounting and pivot hardware. Our sun visor system includes multiple options such as mirrors, map pockets and different options for positioning. We use low pressure injection molding to produce our premium sun visors with a simulated grain texture.

Mirrors, Wipers and Controls.

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

Mirrors. We offer a wide range of round, rectangular, motorized and heated mirrors and related hardware, including brackets, braces and side bars. Most of our mirror designs utilize stainless steel pins, fasteners and support braces to ensure durability. We have recently introduced both road and outside temperature devices that are integrated into the mirror face or the vehicle s dashboard through our Road Watch[tm] family of products. These systems are principally utilized by municipalities throughout North America to monitor surface temperatures and assist them in dispersing chemicals for snow and ice removal. We have recently introduced a new lower-cost system for use in long-haul commercial trucks and mission critical vehicles such as ambulances. We have also recently introduced a new molded aerodynamic mirror that is integrated into the truck s exterior.

Windshield Wiper Systems. We offer application-specific windshield wiper systems and individual windshield wiper components for all segments of the commercial vehicle market. Our windshield wiper systems are generally delivered to the OEM fully assembled and ready for installation. A windshield wiper system is typically comprised of a pneumatic electric motor, linkages, arms, wiper blades, washer reservoirs and related pneumatic or electric pumps. We also produce air-assisted washing systems for headlights and cameras to assist drivers with visibility for safe vehicle operation. These systems utilize window wash fluid and air to create a turbulent liquid/air stream that removes road grime from headlights and cameras. We offer an optional programmable washing system that allows for periodic washing and dry cycles for maximum safety. We have recently introduced a new low-weight, cost effective tubular wiper system design.

Controls. We offer a range of controls and control systems that includes a complete line of window lifts and door locks, mechanic, pneumatic, electrical and electronic HVAC controls and electric switch products. We specialize in air-powered window lifts and door locks, which are highly reliable and cost effective as compared to similar products powered by electricity. We also offer a variety of electric window lifts and door locks.

Cab Structures, Sleeper Boxes, Body Panels and Structural Components.

We design, engineer and produce complete cab structures, sleeper boxes, body panels and structural components for the commercial vehicle and automotive industries in North America. Set forth below is a description of our principal products in this category:

Cab Structures. We design, manufacture, and assemble complete cab structures used primarily in heavy trucks for all the commercial vehicle OEMs in North America. Our cab structures, which are

Table of Contents

manufactured from both steel and aluminum are delivered to our customers, fully assembled and primed for paint. Our cab structures are built to order based upon options selected by the vehicles end-users and delivered to the OEMs, in line sequence, as these end-users trucks are manufactured by the OEMs. In addition, we also design, produce and assemble cab structures for certain automotive OEMs.

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

Body Panels and Structural Components. We produce a wide range of both steel and aluminum large exterior body panels and structural components. Approximately 80% of the body panels and structural components we manufacture are used internally in our production of cab structures as described above, with the remaining approximately 20% being sold externally to commercial vehicle and automotive OEMs. The products we produce for the external market include large exterior body panels and structural components for both heavy trucks and the Ford GT automobile, heavy truck bumper assemblies and large stampings for the construction industry.

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

Electronic Wire Harnesses. We offer a broad range of complex electronic wire harness assemblies that function as the primary current carrying devices used to provide electrical interconnections for gauges, lights, control functions, power circuits and other electronic applications on a commercial vehicle or related unit of equipment. Our wire harnesses are highly customized to fit specific end-user requirements and often include more than 350 individual circuits and weigh more than 30 pounds. We provide our wire harnesses for a wide variety of commercial vehicles, military vehicles, specialty trucks and other specialty applications, including heavy-industrial equipment and medical equipment.

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

Customers and Marketing

We sell our products principally to the commercial vehicle OEM market. Approximately 75% of our 2004 sales and approximately 78% of our pro forma 2004 sales were derived from sales to commercial vehicle OEMs, with the remainder derived principally from aftermarket sales.

Table of Contents

We supply our products primarily to heavy truck OEMs, the aftermarket and OEM service segment and other commercial vehicle OEMs. The following is a summary of our sales by end-user market segment in 2004 on an actual and pro forma basis:

	2004 Sales	
End-User Market	**Actual**	**Pro Forma**
Heavy Truck OEM	54%	59%
Aftermarket and OEM Service	11	7
Construction	18	18
Bus	2	1
Military	2	2
Agriculture	1	1
Other	12	12
Total	100%	100%

Our principal customers in the heavy truck OEM market include PACCAR, Freightliner, International and Volvo/ Mack. We believe we are an important long-term supplier to all leading truck manufacturers in North America because of our comprehensive product offerings, leading brand names and product innovation. In our European operations, our principal customers in the commercial vehicle market include Caterpillar, Volvo, Deere & Co., Komatsu and CNH Global (Case New Holland). We also sell our trim products to OEMs in the marine and recreational vehicle industries and seating products to office product manufacturers principally in Europe.

The following is a summary of our significant OEM customers in 2004 on an actual and pro forma basis:

	2004 Sales	
Customer	**Actual**	**Pro Forma**
PACCAR	28%	16%
Freightliner	17	14
International	9	18
Caterpillar	5	10
Volvo/ Mack	6	12
Komatsu	3	2
Deere & Co.	1	2
Oshkosh Truck	1	3
Other	30	23
Total	100%	100%

Except as set forth in the above table, no other customer accounted for more than 10% of our revenues in 2004.

Primarily as a result of our European operations, we derived approximately 28% of our actual 2004 sales and 16% of our pro forma 2004 sales from outside of North America. Our European operations currently serve customers located in Europe and Asia.

Our OEM customers generally source business to us pursuant to written contracts, purchase orders or other firm commitments in terms of price, quality, technology and delivery. Awarded business generally covers the supply of all or a portion of a customer s production and service requirements for a particular product program rather than the supply of a specific quantity of products. In general, these contracts, purchase orders and commitments provide that the customer can terminate the contract, purchase order or

Table of Contents

commitment if we do not meet specified quality and delivery requirements. Such contracts, purchase orders or other firm commitments generally extend for the entire life of a platform, which is typically five to seven years. Although these contracts, purchase orders or other commitments may be terminated at any time by our customers (but not by us), such terminations have been minimal and have not had a material impact on our results of operations. In order to reduce our reliance on any one vehicle model, we produce products for a broad cross-section of both new and more established models.

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

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

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

Design and Engineering Support

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

We focus on bringing our customers integrated products that have superior content, comfort and safety. Consistent with our value-added engineering focus, we have developed relationships with the engineering departments of our customers and have placed resident engineers with PACCAR and Freightliner, two of our largest customers. These relationships not only help us to identify new business opportunities but also enable us to compete based on the quality of our products and services, rather than exclusively on price. In addition, we have also provided engineering solutions for certain specialty vehicles including, most recently, the body development for the prestigious Ford GT sports car.

We are currently involved in the design stage of several products for our customers and will begin production of these products in the years 2005 to 2007.

Table of Contents

Intellectual Property

We consider ourselves to be a leader in both product and process technology, and, therefore, protection of intellectual property is important to our business. Our principal intellectual property consists of product and process technology, a limited number of United States and foreign patents, trade secrets, trademarks and copyrights. Although our intellectual property is important to our business operations and in the aggregate constitutes a valuable asset, we do not believe that any single patent, trade secret, trademark or copyright, or group of patents, trade secrets, trademarks or copyrights is critical to the success of our business. Our policy is to seek statutory protection for all significant intellectual property embodied in patents, trademarks and copyrights. From time to time, we grant licenses under our patents and technology and receive licenses under patents and technology of others.

We market our products under well-known brand names that include KAB Seating, National Seating, Trim Systems, Sprague Devices, Sprague Controls, Prutsman™, Moto Mirror™, RoadWatch® and Mayflower™. We believe that our brands are valuable and are increasing in value with the growth of our business, but that our business is not dependent on such brands. We own U.S. federal registrations for several of our brands.

Research and Development

Our objective is to be a leader in offering superior quality and technologically advanced products to our customers at competitive prices. We engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop new products for existing and new applications. The Mayflower acquisition has significantly expanded our capabilities in this regard by adding another design facility and prototype shop in Farmington Hills, Michigan and increasing the size of our design and engineering team.

Manufacturing

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

Seats and Seating Systems. Our seating operations utilize a variety of manufacturing techniques whereby fabric is affixed to an underlying seat frame. We also manufacture and assemble the seat frame, which involves complex welding. For the most part, we utilize outside suppliers to produce the individual components used to assemble the seat frame.

Trim Systems and Components. Our interior systems process capabilities include injection molding, low-pressure injection molding, urethane molding and foaming processes, compression molding, and vacuum and twin shell vacuum forming as well as various trimming and finishing methods.

Mirrors, Wipers and Controls. We manufacture our mirrors, wipers and controls utilizing a variety of manufacturing processes and techniques. Our mirrors, wipers and controls are 100% hand assembled, tested and packaged.

Cab Structures, Sleeper Boxes, Body Panels and Structural Components. We utilize a wide range of manufacturing processes to produce the majority of the steel and aluminum stampings used in our cab structures, sleeper boxes, body panels and structural components and a variety of both robotic and manual welding techniques in the assembly of these products. In addition, both our Norwalk, Ohio and Kings Mountain, North Carolina facilities have large capacity, fully automated E-coat paint priming systems allowing us to provide our customers with a paint-ready cab product. Due to their high cost, full body E-coat systems, such as ours, are rarely found outside of the manufacturing operations of the major OEMs. The four major large press lines at our Shadyside, Ohio facility provide us with the in-house manufacturing flexibility for both aluminum and steel stampings delivered just in time to our cab assembly plants. This plant also provides us with low

Table of Contents

volume forming and processing techniques including laser trim operations that minimize investment and time to manufacture for low volume applications.

Electronic Wire Harnesses and Panel Assemblies. We utilize several manufacturing techniques to produce the majority of our electronic wire harnesses and panel assemblies. Our processes, both manual and automated, are designed to produce complex, low- to medium-volume wire harnesses and panel assemblies in short time frames. Our wire harnesses and panel assemblies are both electronically and hand tested.

We have a broad array of processes to offer our commercial vehicle OEM customers to enable us to meet their styling and cost requirements. The interior of the vehicle cab is the most significant and appealing aspect to the driver of the vehicle, and consequently each commercial vehicle OEM has unique requirements as to feel, appearance and features. Within the last several years, we added new technologies, including injection molding, compression molding and vacuum forming capabilities, to our facilities through research and development, licenses of patented technology and equipment purchases.

The end markets for our products are highly specialized and our customers frequently request modified products in low volumes within an expedited delivery timeframe. As a result, we primarily utilize flexible manufacturing cells at the vast majority of our production facilities. Manufacturing cells are clusters of individual manufacturing operations and work stations grouped in a circular configuration, with the operators placed centrally within the configuration. This provides flexibility by allowing efficient changes to the number of operations each operator performs. When compared to the more traditional, less flexible assembly line process, cell manufacturing allows us to maintain our product output consistent with our OEM customers requirements and reduce the level of inventory. While the Norwalk and Shadyside, Ohio and Kings Mountain, North Carolina manufacturing facilities we recently acquired as part of the Mayflower acquisition do utilize an assembly line model, we believe we can adapt these operations to accommodate product changes and limit future capital expenditures.

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

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

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

Typically, in a strong economy, new vehicle production increases and there is more money to be spent on enhancements to the truck interior. As demand goes up, the mix of our products shifts towards more expensive systems, such as sleeper units, with enhanced features and higher quality materials. The shift from low-end units to high-end units amplifies the positive effect a strong economy has on our business. Conversely, when the market drops and customers shift away from ordering high-end units with enhanced features, our business suffers from both lower volume and lower pricing. We strive to manage down cycles by running our facilities at capacity while maintaining the capability and flexibility to expand. We work with our employees and rely on their involvement to help eliminate problems and re-align our capacity. During a ramp-up of production, we have plans in place to manage increased demand and achieve on-time delivery. Our strategies include alternating between human and machine production and allowing existing employees to try higher skilled positions while hiring new employees for lower skilled positions.

During 2002, as a means to enhance our operations, we began to implement TQPS throughout our operations. TQPS is our customized version of Lean Manufacturing and consists of a 32 hour interactive class that is taught exclusively by members of our management team. While we are in the beginning phases of TQPS initiatives, a significant portion of the labor efficiencies we gained over the past few years is due to the program. TQPS is an analytical process in which we analyze each of our manufacturing cells and identify the most efficient process to improve efficiency and quality. The goal is to achieve total cost management and continuous improvement. Some examples of TQPS-related improvements are: reduced labor to move parts around the facility, clear walking paths in and around manufacturing cells and increased safety. An ongoing goal is to reduce the time employees spend waiting for materials within a facility. We intend to implement TQPS improvements at each of the manufacturing facilities we recently acquired as part of the Mayflower acquisition and the MWC acquisition and anticipate that this will increase operational efficiency, improve product quality and provide additional capacity at these locations.

Raw Materials and Suppliers

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

Seats and Seating Systems. The principal raw materials used in our seat systems include steel, aluminum and foam chemicals, and are generally readily available and obtained from multiple suppliers under various supply agreements. Leather, fabric and certain components are also purchased from multiple suppliers under supply agreements. Typically, our supply agreements last for at least one year and can be terminated by us for breach or convenience. Some purchased components are obtained from our customers.

Trim Systems and Components. The principal raw materials used in our interior systems processes are resin and chemical products, which are formed and assembled into end products. These raw materials are obtained from multiple suppliers, typically under supply agreements which last for at least one year and are terminable by us for breach or convenience.

Mirrors, Wipers and Controls. The principal raw materials used to manufacture our mirrors, wipers and controls are steel, stainless steel, aluminum, glass and rubber, which are generally readily available and obtained from multiple suppliers.

Cab Structures, Sleeper Boxes, Body Panels and Structural Components. The principal raw materials used in our cab structures, sleeper boxes, body panels and structural components are steel and aluminum, the majority of which we purchase in sheets and stamp at our Shadyside, Ohio facility. These raw materials are generally readily available and obtained from several suppliers, typically under purchase orders that are cancelable by us without cause, pursuant to one year supply agreements.

Electronic Wire Harnesses and Panel Assemblies. The principal raw materials used to manufacture our electronic wire harnesses are wire, connectors, terminals, switches, relays and braid fabric. These raw materials are obtained from multiple suppliers and are generally readily available. Many of our customers specify particular wire and connectors and, as such, negotiate pricing of these materials directly with our customers. Our panel assembly materials are generally procured directly from the customer.

Our supply agreements generally provide for fixed pricing but do not require us to purchase any specified quantities. We have not experienced any significant shortages of raw materials and normally do not carry inventories of raw materials or finished products in excess of those reasonably required to meet production and shipping schedules as well as service requirements. We purchase materials such as steel,

Table of Contents

foam, vinyl and cloth in large quantities on a global basis through our central corporate office, and other materials for which we require lower volumes are purchased directly by our facilities. We purchase steel at market prices, which during the last year, have increased to historical highs as a result of a relatively low level of supply and a relatively high level of demand. As a result, we are currently being assessed surcharges on certain of our purchases of steel. We continue to work with our customers and suppliers to minimize the impact of such surcharges. We intend to exploit the increased purchasing power we have gained through the Mayflower acquisition to obtain purchase price reductions on certain raw materials, such as steel and aluminum. We do not believe we are dependent on a single supplier or limited group of suppliers for our raw materials.

Competition

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

Seats and Seating Systems. We believe that we have the number one market position in North America with respect to our seating operations. We also believe that we have the number one market position in supplying seats and seating systems to commercial vehicles used in the construction industry on a worldwide basis. Our primary independent competitors in the North American commercial vehicle market include Sears Manufacturing Company, Accuride Corporation and Seats, Inc., and our primary competitors in the European commercial vehicle market include Grammar and Isringhausen.

Trim Systems and Components. We believe that we have the number one market position in North America with respect to our interior trim products. We face competition from a number of different competitors with respect to each of our trim system products and components. Overall, our primary independent competitors are ConMet, Fabriform, TPI, Findlay, Superior and Mitras.

Mirrors, Wipers and Controls. We believe that we hold the number two market position in North America with respect to our windshield wiper systems and mirrors. We face competition from a number of different competitors with respect to each of our principal products in this category. Our principal competitors for mirrors are Hadley, Lang-Mekra and Trucklite, and our principal competitors for windshield wiper systems are Johnson Electric, Trico and Valeo.

Cab Structures, Sleeper Boxes, Body Panels and Structural Components. We believe we have the number one market position in North America with respect to our cab structural components and the number two position in North America with respect to our cab structures, sleeper boxes and body panels. Our principal competitors with regard to structural components are Magna Inoxydable Inc., Ogihara Corporation, Q3 Stampe