

Commercial Vehicle Group, Inc.

Form 10-Q

November 05, 2007

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

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-50890**

**COMMERCIAL VEHICLE GROUP, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**6530 West Campus Oval**

**New Albany, Ohio**

(Address of principal executive offices)

**41-1990662**

(I.R.S. Employer  
Identification No.)

**43054**

(Zip Code)

**(614) 289-5360**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of the Registrant's common stock, par value \$.01 per share, at November 1, 2007 was 21,443,445 shares.

**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q**

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Certification by Mervin Dunn, President and CEO

Certification by Chad M. Utrup, CFO

Certification Pursuant to Section 906

Certification Pursuant to Section 906

**Table of Contents****ITEM 1 FINANCIAL STATEMENTS****COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|                                              | <b>Three Months Ended</b>                       |                    | <b>Nine Months Ended</b> |                    |
|----------------------------------------------|-------------------------------------------------|--------------------|--------------------------|--------------------|
|                                              | <b>September 30,</b>                            |                    | <b>September 30,</b>     |                    |
|                                              | <b>2007</b>                                     | <b>2006</b>        | <b>2007</b>              | <b>2006</b>        |
|                                              | <b>(Unaudited)</b>                              | <b>(Unaudited)</b> | <b>(Unaudited)</b>       | <b>(Unaudited)</b> |
|                                              | <b>(In thousands, except per share amounts)</b> |                    |                          |                    |
| REVENUES                                     | \$ 160,918                                      | \$ 235,841         | \$ 518,285               | \$ 699,973         |
| COST OF REVENUES                             | 143,099                                         | 195,044            | 457,578                  | 580,245            |
| Gross Profit                                 | 17,819                                          | 40,797             | 60,707                   | 119,728            |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 14,665                                          | 13,294             | 44,829                   | 39,693             |
| AMORTIZATION EXPENSE                         | 169                                             | 104                | 531                      | 312                |
| RESTRUCTURING CHARGES                        | 182                                             |                    | 1,180                    |                    |
| Operating Income                             | 2,803                                           | 27,399             | 14,167                   | 79,723             |
| OTHER EXPENSE (INCOME)                       | 4,339                                           | (1,642)            | 4,556                    | (2,720)            |
| INTEREST EXPENSE                             | 3,242                                           | 3,582              | 10,415                   | 11,321             |
| LOSS ON EARLY EXTINGUISHMENT OF DEBT         |                                                 |                    | 149                      | 318                |
| (Loss) Income Before Income Taxes            | (4,778)                                         | 25,459             | (953)                    | 70,804             |
| (BENEFIT) PROVISION FOR INCOME TAXES         | (2,096)                                         | 7,453              | (999)                    | 23,896             |
| NET (LOSS) INCOME                            | \$ (2,682)                                      | \$ 18,006          | \$ 46                    | \$ 46,908          |
| (LOSS) EARNINGS PER COMMON SHARE:            |                                                 |                    |                          |                    |
| Basic                                        | \$ (0.13)                                       | \$ 0.85            | \$ 0.00                  | \$ 2.22            |
| Diluted                                      | \$ (0.13)                                       | \$ 0.84            | \$ 0.00                  | \$ 2.18            |

WEIGHTED AVERAGE SHARES  
OUTSTANDING:

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 21,438 | 21,156 | 21,413 | 21,099 |
| Diluted | 21,438 | 21,548 | 21,640 | 21,507 |

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

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

|                                                                                                                                   | <b>September<br/>30,<br/>2007<br/>(Unaudited)</b>                 | <b>December<br/>31,<br/>2006<br/>(Unaudited)</b> |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                   | <b>(In thousands, except share and<br/>per<br/>share amounts)</b> |                                                  |
| <b>ASSETS</b>                                                                                                                     |                                                                   |                                                  |
| <b>CURRENT ASSETS:</b>                                                                                                            |                                                                   |                                                  |
| Cash and cash equivalents                                                                                                         | \$ 38,075                                                         | \$ 19,821                                        |
| Accounts receivable, net of reserve for doubtful accounts of \$3,297 and \$5,536, respectively                                    | 103,465                                                           | 123,471                                          |
| Inventories, net                                                                                                                  | 85,006                                                            | 88,723                                           |
| Prepaid expenses                                                                                                                  | 19,406                                                            | 24,272                                           |
| Deferred income taxes                                                                                                             | 10,308                                                            | 8,819                                            |
| <br>Total current assets                                                                                                          | <br>256,260                                                       | <br>265,106                                      |
| <br>PROPERTY, PLANT AND EQUIPMENT, net                                                                                            | <br>90,669                                                        | <br>90,388                                       |
| GOODWILL                                                                                                                          | 132,718                                                           | 134,766                                          |
| INTANGIBLE ASSETS, net of accumulated amortization of \$1,352 and \$840, respectively                                             | 87,652                                                            | 84,188                                           |
| OTHER ASSETS, net                                                                                                                 | 11,994                                                            | 16,374                                           |
| <br>TOTAL ASSETS                                                                                                                  | <br>\$ 579,293                                                    | <br>\$ 590,822                                   |
| <br><b>LIABILITIES AND STOCKHOLDERS INVESTMENT</b>                                                                                |                                                                   |                                                  |
| <b>CURRENT LIABILITIES:</b>                                                                                                       |                                                                   |                                                  |
| Current maturities of long-term debt                                                                                              | \$ 115                                                            | \$ 2,158                                         |
| Accounts payable                                                                                                                  | 77,468                                                            | 86,610                                           |
| Accrued liabilities                                                                                                               | 34,009                                                            | 40,970                                           |
| <br>Total current liabilities                                                                                                     | <br>111,592                                                       | <br>129,738                                      |
| <br>LONG-TERM DEBT, net of current maturities                                                                                     | <br>161,640                                                       | <br>159,956                                      |
| DEFERRED TAX LIABILITIES                                                                                                          | 13,779                                                            | 10,611                                           |
| PENSION AND OTHER POST-RETIREMENT BENEFITS                                                                                        | 20,874                                                            | 22,188                                           |
| OTHER LONG-TERM LIABILITIES                                                                                                       | 1,847                                                             | 3,424                                            |
| <br>Total liabilities                                                                                                             | <br>309,732                                                       | <br>325,917                                      |
| <br>COMMITMENTS AND CONTINGENCIES (Note 11)                                                                                       |                                                                   |                                                  |
| <b>STOCKHOLDERS INVESTMENT:</b>                                                                                                   |                                                                   |                                                  |
| Common stock \$.01 par value; 30,000,000 shares authorized; 21,437,609 and 21,368,831 shares issued and outstanding, respectively | 214                                                               | 214                                              |

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|                                                       |                   |                   |
|-------------------------------------------------------|-------------------|-------------------|
| Treasury stock purchased from employees; 5,836 shares | (115)             | (115)             |
| Additional paid-in capital                            | 176,825           | 174,044           |
| Retained earnings                                     | 92,115            | 92,007            |
| Accumulated other comprehensive income (loss)         | 522               | (1,245)           |
| Total stockholders' investment                        | 269,561           | 264,905           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT</b> | <b>\$ 579,293</b> | <b>\$ 590,822</b> |

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

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                   | <b>Nine Months Ended</b> |                    |
|-----------------------------------------------------------------------------------|--------------------------|--------------------|
|                                                                                   | <b>September 30,</b>     |                    |
|                                                                                   | <b>2007</b>              | <b>2006</b>        |
|                                                                                   | <b>(Unaudited)</b>       | <b>(Unaudited)</b> |
|                                                                                   | <b>(In thousands)</b>    |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                          |                    |
| Net income                                                                        | \$ 46                    | \$ 46,908          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                    |
| Depreciation and amortization                                                     | 11,789                   | 11,166             |
| Noncash amortization of debt financing costs                                      | 644                      | 679                |
| Loss on early extinguishment of debt                                              | 149                      | 318                |
| Stock-based compensation expense                                                  | 2,246                    | 1,418              |
| Loss (Gain) on sale of assets                                                     | 133                      | (367)              |
| Pension and post-retirement curtailment gain                                      |                          | (3,865)            |
| Deferred income tax (benefit) provision                                           | 1,681                    | (1,679)            |
| Noncash loss (gain) on forward exchange contracts                                 | 5,048                    | (2,707)            |
| Change in other operating items                                                   | 9,214                    | (28,089)           |
| Net cash provided by operating activities                                         | 30,950                   | 23,782             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                          |                    |
| Purchases of property, plant and equipment                                        | (11,229)                 | (15,051)           |
| Proceeds from disposal/sale of property, plant and equipment                      | 102                      | 377                |
| Proceeds from disposal/sale of other assets                                       |                          | 1,800              |
| Post-acquisition payments, net of cash received                                   | (817)                    | (606)              |
| Other assets and liabilities                                                      | (498)                    | (420)              |
| Net cash used in investing activities                                             | (12,442)                 | (13,900)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                          |                    |
| Proceeds from issuance of common stock under equity incentive plans               | 463                      | 1,165              |
| Excess tax benefit from equity incentive plans                                    | 73                       | 148                |
| Repayment of revolving credit facility                                            | (72,984)                 | (24,640)           |
| Borrowings under revolving credit facility                                        | 82,987                   | 23,730             |
| Repayments of long-term debt                                                      | (10,295)                 | (27,786)           |
| Payments on capital lease obligations, other, net                                 | (94)                     | (76)               |
| Net cash provided by (used in) financing activities                               | 150                      | (27,459)           |
| <b>EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>      | <b>(404)</b>             | <b>(1,168)</b>     |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                       | <b>18,254</b>            | <b>(18,745)</b>    |
| <b>CASH AND CASH EQUIVALENTS:</b>                                                 |                          |                    |
| Beginning of period                                                               | 19,821                   | 40,641             |



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|                                          |            |           |
|------------------------------------------|------------|-----------|
| End of period                            | \$ 38,075  | \$ 21,896 |
| SUPPLEMENTAL CASH FLOW INFORMATION:      |            |           |
| Cash paid for interest                   | \$ 12,790  | \$ 13,415 |
| Cash (refund) paid for income taxes, net | \$ (4,371) | \$ 19,440 |

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Description of Business and Basis of Presentation**

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

The Company has prepared the condensed consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission ( SEC ). The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations and statements of financial position for the interim periods presented. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with its fiscal 2006 consolidated financial statements and the notes thereto included in the Company s Annual Report on Form 10-K as filed with the SEC. Unless otherwise indicated, all amounts are in thousands except per share amounts.

Revenues and operating results for the three and nine months ended September 30, 2007 are not necessarily indicative of the results to be expected in future operating quarters.

**2. Recently Issued Accounting Pronouncements**

In June 2006, the Financial Accounting Standards Board ( FASB ) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ( FIN 48 ). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition requirements for uncertain tax positions. The Company adopted the provisions of FIN 48 on January 1, 2007 and, as a result, recognized approximately \$62 thousand decrease in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings (see Note 10).

In September 2006, the FASB issued Statement of Financial Accounting Standards ( SFAS ) No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a common definition for fair value, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 157 on its consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159, which amends SFAS No. 115, allows certain financial assets and liabilities to be recognized, at the Company s election, at fair market value, with any gains or losses for the period recorded in the statement of income. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS 159 on its consolidated financial position and results of operations.

**Table of Contents****3. Restructuring Activities**

On May 22, 2007, the Board of Directors of the Company approved the closing of its Seattle, Washington facility and transfer of operations to existing plants throughout the United States in order to improve customer service and strengthen the Company's long-term competitive position. The decision to close the Seattle facility and redistribute the work was the result of a long-term analysis of changing market requirements, including the consolidation of product lines and closer proximity to customer operations. The closure is expected to be substantially completed by December 31, 2007. The Company estimates that it will record in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, total charges of approximately \$3.2 million, consisting of employee related costs of approximately \$1.1 million, non-cash expense related to the write-down of certain assets of approximately \$0.4 million and facility exit and other contractual costs of approximately \$1.7 million. The Company has incurred costs of \$0.2 million in the three months and \$1.2 million in the nine months ended September 30, 2007 and estimates that approximately \$1.6 million of the total charges will be incurred as future cash expenditures. A summary of the restructuring activities as of September 30, 2007 is as follows (in thousands):

|                              | <b>Employee<br/>Costs</b> |
|------------------------------|---------------------------|
| Balance December 31, 2006    | \$                        |
| Provisions recorded          | 810                       |
| Deductions for payments made | (112)                     |
| Balance September 30, 2007   | \$ 698                    |

**4. Share-Based Compensation***Stock Option Grants and Restricted Stock Awards*

In 1998, the Company granted options to purchase 57,902 shares of common stock at \$9.43 per share, which are exercisable through December 2008. The options were granted at an exercise price determined to be at or above fair value on the date of grant.

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

In October 2004, the Company granted options to purchase 598,950 shares of common stock at \$15.84 per share under the Amended and Restated Equity Incentive Plan. These options have a ten-year term and vest ratably in three equal annual installments commencing on October 20, 2005.

In November 2005, 168,700 shares of restricted stock and in November 2006, 207,700 shares of restricted stock were awarded by the compensation committee under the Amended and Restated Equity Incentive Plan. Restricted stock is a grant of shares of common stock that may not be sold, encumbered or disposed of, and that may be forfeited in the event of certain terminations of employment prior to the end of a restricted period set by the compensation committee. The shares of restricted stock granted in November 2005 vest ratably in three equal annual installments commencing on October 20, 2006. The shares of restricted stock granted in November 2006 vest ratably in three equal annual installments commencing on October 20, 2007. A participant granted restricted stock generally has all of the rights of a stockholder, unless the compensation committee determines otherwise.

In February 2007, 10,000 shares of restricted stock and in March 2007, 10,000 shares of restricted stock were awarded by the compensation committee under the Amended and Restated Equity Incentive Plan. The shares of restricted stock granted in February 2007 and March 2007 vest ratably in three equal annual installments commencing on October 20, 2007.

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At the 2007 Annual Meeting of Stockholders held on May 22, 2007, the stockholders approved the Company's Second Amended and Restated Equity Incentive Plan (the "Plan"). The Plan was amended to increase the number of shares of common stock that may be issued under the Plan from 1,000,000 shares to 2,000,000 shares, as well as to make certain other amendments to the Amended and Restated Equity Incentive Plan. Initially, an aggregate of 1,000,000 shares of our common stock were reserved for issuance under the Amended and Restated Equity Incentive Plan. Unearned compensation related to nonvested share-based compensation arrangements as of September 30, 2007 for the option and restricted stock awards granted under the Plan was approximately \$0.1 million and \$4.7 million, respectively. This expense is subject to future adjustments for vesting and forfeitures and will be recognized on a straight-line basis over the remaining period of one month for the October 2004 awards, 13 months for the November 2005 awards and 25 months for the November 2006, February 2007 and March 2007 awards, respectively. The Company uses the Black-Scholes option-pricing model to estimate the fair value of equity-based grants with the following weighted-average assumptions:

|                                       |                                             |
|---------------------------------------|---------------------------------------------|
|                                       | <b>2004<br/>Stock<br/>Option<br/>Grants</b> |
| Weighted-average fair value of option | \$ 3.34                                     |
| Risk-free interest rate               | 4.50%                                       |
| Expected volatility                   | 23.12%                                      |
| Expected life in months               | 36                                          |

The Company currently estimates the forfeiture rate for its stock option and restricted stock grants at 9.7%, respectively, for all participants of each plan.

A summary of the status of the Company's stock options as of September 30, 2007 and changes during the nine month period ending September 30, 2007 is presented below:

| <b>Stock Options</b>                             | <b>Options<br/>(000 s)</b> | <b>Weighted-<br/>Average<br/>Exercise<br/>Price</b> | <b>Weighted-<br/>Average<br/>Remaining<br/>Contractual<br/>Life<br/>(Years)</b> | <b>Aggregate<br/>Intrinsic<br/>Value<br/>(000 s)</b> |
|--------------------------------------------------|----------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------|
| Outstanding at December 31, 2006                 | 848                        | \$ 11.94                                            | 7.5                                                                             | \$ 8,588                                             |
| Granted                                          |                            |                                                     |                                                                                 |                                                      |
| Exercised                                        | (69)                       | 6.74                                                |                                                                                 |                                                      |
| Forfeited                                        | (15)                       | 15.84                                               |                                                                                 |                                                      |
| Outstanding at September 30, 2007                | 764                        | \$ 12.33                                            | 6.7                                                                             | \$ 5,359                                             |
| Exercisable at September 30, 2007                | 604                        | \$ 11.40                                            | 6.6                                                                             | \$ 4,792                                             |
| Nonvested, expected to vest at December 31, 2007 | 160                        | \$ 15.84                                            | 6.7                                                                             | \$                                                   |

The following table summarizes information about the nonvested stock option and restricted stock grants as of September 30, 2007:

| <b>Nonvested Stock Options<br/>Weighted-</b> | <b>Nonvested Restricted<br/>Stock<br/>Weighted-</b> |
|----------------------------------------------|-----------------------------------------------------|
|----------------------------------------------|-----------------------------------------------------|

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|                                 | <b>Options</b> | <b>Average<br/>Grant-Date<br/>Fair<br/>Value</b> | <b>Shares</b>  | <b>Average<br/>Grant-Date<br/>Fair<br/>Value</b> |
|---------------------------------|----------------|--------------------------------------------------|----------------|--------------------------------------------------|
|                                 | <b>(000 s)</b> |                                                  | <b>(000 s)</b> |                                                  |
| Nonvested at December 31, 2006  | 175            | \$ 3.34                                          | 309            | \$ 20.21                                         |
| Granted                         |                |                                                  | 20             | 20.10                                            |
| Forfeited                       | (15)           |                                                  | (10)           | 20.19                                            |
| Nonvested at September 30, 2007 | 160            | \$ 3.34                                          | 319            | \$ 20.21                                         |

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As of September 30, 2007, a total of 1,111,413 shares were available for issuance under the Plan, including cumulative forfeitures.

**5. Stockholders Investment**

*Earnings Per Share* In accordance with SFAS No. 128, *Earnings per Share*, as amended, basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share, and all other diluted per share amounts presented, is determined by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period as determined by the Treasury Stock Method, as amended, in SFAS No. 123(R), *Share Based Payment*. Potential common shares consisting of common stock issuable upon exercise of outstanding stock options and the effect of nonvested restricted stock are included in the diluted earnings per share calculation when dilutive. Diluted (loss) earnings per share for the three and nine months ended September 30, 2007 and 2006 are as follows (in thousands, except per share amounts):

|                                                                                                                         | Three Months Ended |           | Nine Months Ended |           |
|-------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|-------------------|-----------|
|                                                                                                                         | September 30,      |           | September 30,     |           |
|                                                                                                                         | 2007               | 2006      | 2007              | 2006      |
| Net (loss) income applicable to common shareholders                                                                     | \$ (2,682)         | \$ 18,006 | \$ 46             | \$ 46,908 |
| Weighted average number of common shares outstanding                                                                    | 21,438             | 21,156    | 21,413            | 21,099    |
| Dilutive effect of outstanding stock options and restricted stock grants after application of the treasury stock method |                    | 392       | 227               | 408       |
| Dilutive shares outstanding                                                                                             | 21,438             | 21,548    | 21,640            | 21,507    |
| Basic (loss) earnings per share                                                                                         | \$ (0.13)          | \$ 0.85   | \$ 0.00           | \$ 2.22   |
| Diluted (loss) earnings per share                                                                                       | \$ (0.13)          | \$ 0.84   | \$ 0.00           | \$ 2.18   |

For the three months ended September 30, 2007, diluted loss per share excludes approximately 121 thousand of outstanding stock options and nonvested restricted stock as the effect would have been antidilutive.

*Dividends* The Company has not declared or paid any cash dividends in the past. The terms of the Company's credit agreement restricts the payment or distribution of the Company's cash or other assets, including cash dividend payments.

**6. Accounts Receivable**

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

**7. Inventories**

Inventories are valued at the lower of first-in, first-out ( FIFO ) cost or market. Cost includes applicable material, labor and overhead. Inventories consisted of the following (in thousands):

|               | September<br>30,<br>2007 | December<br>31,<br>2006 |
|---------------|--------------------------|-------------------------|
| Raw materials | \$ 57,590                | \$ 61,617               |

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|                          |           |           |
|--------------------------|-----------|-----------|
| Work in process          | 13,415    | 14,436    |
| Finished goods           | 19,843    | 17,314    |
| Less excess and obsolete | (5,842)   | (4,644)   |
|                          | \$ 85,006 | \$ 88,723 |

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Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based primarily on the Company's estimated production requirements driven by current market volumes. Excess and obsolete provisions may vary by product depending upon future potential use of the product.

**8. Goodwill and Intangible Assets**

Goodwill represents the excess of acquisition purchase price over the fair value of net assets acquired. In July 2001, the FASB issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Intangible Assets*. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized, but reviewed 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, but with no maximum life.

The Company reviews goodwill and indefinite-lived intangible assets for impairment annually in the second fiscal quarter or whenever events or changes in circumstances indicate its carrying value may not be recoverable in accordance with SFAS No. 142. The Company reviews indefinite and definite-lived intangible assets in accordance with the provisions of SFAS No. 142 and SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, respectively. The provisions of SFAS No. 142 require that a two-step impairment test be performed on goodwill. In the first step, the Company compares the fair value of its reporting unit to its carrying value. The Company's reporting unit is consistent with the reportable segment identified in Note 10 of the Notes to the Consolidated Financial Statements contained in the Company's Form 10-K for the year ended December 31, 2006. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference. SFAS No. 142 also requires that the fair value of the purchased intangible assets with indefinite lives be estimated and compared to the carrying value. The Company estimates the fair value of these intangible assets using an income approach. The Company recognizes an impairment loss when the estimated fair value of the intangible asset is less than the carrying value. In this regard, the Company's management considers the following indicators in determining if events or changes in circumstances have occurred indicating that the recoverability of the carrying amount of indefinite-lived and amortizing intangible assets should be assessed: (1) a significant decrease in the market value of an asset; (2) a significant change in the extent or manner in which an asset is used or a significant physical change in an asset; (3) a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator; (4) an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset; and (5) a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue. The Company's annual goodwill, indefinite-lived and definite-life intangible asset impairment analysis was performed during the three months ending June 30, 2007 and did not result in an impairment charge in fiscal 2007.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. The Company bases its fair value estimates on assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. The valuation approaches the Company uses include the Income Approach (the Discounted Cash Flow Method) and the Market Approach (the Guideline Company and Transaction Methods) to estimate the fair value of the reporting unit; earnings are emphasized in the Discounted Cash Flow, Guideline Company, and the Transaction Methods. In addition, these methods utilize market data in the derivation of a value estimate and are forward-looking in nature. The Discounted Cash Flow Method utilizes a market-derived rate of return to discount anticipated performance, while the Guideline Company Method and the Transaction Method incorporate multiples that are based on the market's assessment of future performance. Actual



future results may differ materially from those estimates.

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The Company's intangible assets as of September 30, 2007 and December 31, 2006 were comprised of the following (in thousands):

|                                                   | September 30, 2007                   |                       |                          |                     | December 31, 2006     |                          |                     |  |
|---------------------------------------------------|--------------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|--|
|                                                   | Weighted-Average Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |  |
| Definite-lived intangible assets:                 |                                      |                       |                          |                     |                       |                          |                     |  |
|                                                   | 30                                   |                       |                          |                     |                       |                          |                     |  |
| Tradenames/Trademarks                             | years                                | \$ 9,790              | \$ (834)                 | \$ 8,956            | \$ 9,790              | \$ (589)                 | \$ 9,201            |  |
| Licenses                                          | 7 years                              | 438                   | (297)                    | 141                 | 438                   | (251)                    | 187                 |  |
|                                                   | 15                                   |                       |                          |                     |                       |                          |                     |  |
| Customer relationships                            | years                                | 3,976                 | (221)                    | 3,755               |                       |                          |                     |  |
|                                                   |                                      | \$ 14,204             | \$ (1,352)               | \$ 12,852           | \$ 10,228             | \$ (840)                 | \$ 9,388            |  |
| Indefinite-lived intangible assets:               |                                      |                       |                          |                     |                       |                          |                     |  |
| Goodwill                                          |                                      | \$ 132,718            | \$                       | \$ 132,718          | \$ 134,766            | \$                       | \$ 134,766          |  |
| Customer relationships                            |                                      | 74,800                |                          | 74,800              | 74,800                |                          | 74,800              |  |
|                                                   |                                      | \$ 207,518            | \$                       | \$ 207,518          | \$ 209,566            | \$                       | \$ 209,566          |  |
| Total consolidated goodwill and intangible assets |                                      |                       |                          | \$ 220,370          |                       |                          | \$ 218,954          |  |

The aggregate intangible asset amortization expense was approximately \$0.1 million and \$0.1 million, respectively, for the three months ended September 30, 2007 and 2006 and approximately \$0.5 million and \$0.3 million, respectively, for the nine months ended September 30, 2007 and 2006.

The estimated intangible asset amortization expense for the fiscal year ending December 31, 2007, and for the five succeeding years is as follows (in thousands):

| Fiscal Year Ended | Estimated Amortization Expense |
|-------------------|--------------------------------|
| December 31, 2007 | \$ 676                         |
| 2008              | \$ 654                         |
| 2009              | \$ 654                         |
| 2010              | \$ 591                         |
| 2011              | \$ 591                         |
| 2012              | \$ 591                         |

The changes in the carrying amounts of goodwill for the nine months ended September 30, 2007, were comprised of the following (in thousands):

|                           |            |
|---------------------------|------------|
| Balance December 31, 2006 | \$ 134,766 |
|---------------------------|------------|

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|                                  |            |
|----------------------------------|------------|
| Post acquisition adjustments     | 817        |
| Definite-lived intangible assets | (3,976)    |
| Currency translation adjustment  | 1,111      |
| Balance September 30, 2007       | \$ 132,718 |

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Debt consisted of the following (in thousands):

|                                                                                                                                                                      | September<br>30,<br>2007 | December<br>31,<br>2006 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|
| Revolving credit facilities bore interest at a weighted average of 8.0% as of September 30, 2007 and 7.1% as of December 31, 2006                                    | \$ 11,500                | \$ 1,469                |
| Term loan, with principal and interest payable quarterly, bore interest at a weighted average rate of 7.4% as of September 30, 2007 and 6.8% as of December 31, 2006 |                          | 10,295                  |
| 8.0% senior notes due 2013                                                                                                                                           | 150,000                  | 150,000                 |
| Other                                                                                                                                                                | 255                      | 350                     |
|                                                                                                                                                                      | 161,755                  | 162,114                 |
| Less current maturities                                                                                                                                              | 115                      | 2,158                   |
|                                                                                                                                                                      | \$ 161,640               | \$ 159,956              |

*Credit Agreement* The Company accounts for its revolving credit facility under the provisions of EITF Issue No. 98-14, *Debtor's Accounting for the Changes in Line-of-Credit or Revolving-Debt Arrangements* ( EITF 98-14 ), and its term loan and 8.0% senior notes under the provisions of EITF Issue No. 96-19, *Debtor's Accounting for a Modification or Exchange of Debt Instruments* ( EITF 96-19 ). Historically, the Company has periodically amended the terms of its revolving credit facility and term loan to increase or decrease the individual and collective borrowing base of the instruments on an as needed basis. The Company has not modified the terms of its 8.0% senior notes subsequent to the original offering date. In connection with an amendment of the Company's revolving credit facility, bank fees incurred are deferred and amortized over the term of the new arrangement and, if applicable, any outstanding deferred fees are expensed proportionately or in total, as appropriate per the guidance of EITF 98-14. In connection with an amendment of the Company's term loan, under the terms of EITF 96-19, bank and any third-party fees are either expensed as an extinguishment of debt or deferred and amortized over the term of the agreement based upon whether or not the old and new debt instruments are substantially different.

On June 30, 2006, the Company repaid approximately \$25.0 million of its U.S. dollar denominated term loan. The repayment of the term loan reduced the overall borrowing capacity on the existing senior credit agreement from approximately \$140 to \$115 million. In connection with this loan repayment, approximately \$0.3 million of deferred fees, representing a proportionate amount of total deferred fees, were expensed as a loss on early extinguishment of debt.

On June 29, 2007, the Company repaid its foreign denominated term loan. The repayment of the term loan reduced the overall borrowing capacity on the existing senior credit agreement from approximately \$115 to \$100 million. In connection with this loan repayment, approximately \$0.1 million of deferred fees, representing a proportionate amount of total deferred fees, were expensed as a loss on early extinguishment of debt.

On August 16, 2007, the Company entered into an Amendment and Waiver Letter to the Revolving Credit and Term Loan Agreement (the Amendment and Waiver Letter ). Pursuant to the terms of the Amendment and Waiver Letter, the lenders consented to increase the size of permitted acquisitions to \$40 million per fiscal year and waived any default or event of default in connection with intercompany loans, contributions to capital, investments in capital stock or mixed stock and indebtedness certificates provided in connection with permitted acquisitions that may have occurred prior to the date of the Amendment and Waiver Letter.

On September 28, 2007, the Company entered into the Tenth Amendment to the Revolving Credit and Term Loan Agreement (the Tenth Amendment ). Pursuant to the terms of the Tenth Amendment, the lenders consented to various amendments, including but not limited to, changes to reporting requirements and financial ratios which included the

fixed charge coverage ratio and the maximum ratio of total indebtedness. Based on the provisions of EITF 98-14, approximately \$0.1 million third party fees relating to the credit agreement were capitalized and are being amortized over the remaining life of the senior credit agreement.

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As of September 30, 2007, approximately \$4.1 million in deferred fees relating to previous amendments of the Company's senior credit agreement and fees related to the 8.0% senior notes offering were outstanding and are being amortized over the life of the agreements.

The senior credit agreement provides the Company with the ability to denominate a portion of its borrowings in foreign currencies. As of September 30, 2007, \$11.5 million of the revolving credit facility borrowings were denominated in U.S. dollars.

*Terms, Covenants and Compliance Status* - The Company's senior credit agreement contains various restrictive covenants, including limiting indebtedness, rental obligations, investments and cash dividends, and also requires the maintenance of certain financial ratios, including fixed charge coverage and funded debt to EBITDA as defined by the senior credit agreement. The Company was in compliance with respect to these covenants as of September 30, 2007. Under this agreement, borrowings bear interest at various rates plus a margin based on certain financial ratios of the Company. Borrowings under the senior credit agreement are secured by specifically identified assets of the Company, comprising in total, substantially all assets of the Company. Additionally, as of September 30, 2007, the Company had outstanding letters of credit of approximately \$1.8 million.

**10. Income Taxes**

The Company or one of its subsidiaries files federal income tax returns in the United States and income tax returns in various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by any of the taxing authorities for years before 2003. There is currently only one income tax examination in process. The Company does not anticipate that any adjustments from the examination will result in material changes to its consolidated financial position and results of operations.

The Company adopted the provisions of FIN 48 effective January 1, 2007. As of September 30, 2007, the Company has provided a liability for \$2.6 million of unrecognized tax benefits related to various federal and state income tax positions. Of the \$2.6 million, the amount that would impact the Company's effective tax rate, if recognized, is \$1.6 million. The remaining \$1.0 million of unrecognized tax benefits consists of items that are offset by deferred tax assets subject to valuation allowances, and thus could further impact the effective tax rate.

The Company accrues penalties and interest related to unrecognized tax benefits through income tax expense, which is consistent with the recognition of these items in prior reporting periods. The Company had approximately \$0.5 million accrued for the payment of interest and penalties at September 30, 2007 which is included in the \$2.6 million of unrecognized tax benefits.

During the quarter ended September 30, 2007, the Company released \$1.9 million of tax reserves which related to tax, interest and penalties associated with items with expiring statute of limitations. The Company anticipates events could occur within the next 12 months that would have an impact on the amount of unrecognized tax benefits that would be required. Approximately \$0.8 million of unrecognized tax benefits relate to items that are affected by expiring statutes of limitation within the next 12 months.

**11. Commitments and Contingencies**

*Warranty* The Company is subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers continue to require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which the Company supplies products to its customers, a customer may hold the Company responsible for some or all of the repair or replacement costs of defective products when the product supplied did not perform as represented. The Company's policy is to reserve for estimated future customer warranty costs based on historical trends and current economic factors.

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The following represents a summary of the warranty provision for the nine months ended September 30, 2007 (in thousands):

|                                 |              |
|---------------------------------|--------------|
| Balance December 31, 2006       | \$ 5,197     |
| Additional provisions recorded  | 1,703        |
| Deduction for payments made     | (2,744)      |
| Currency translation adjustment | 15           |
| <br>Balance September 30, 2007  | <br>\$ 4,171 |

*Foreign Currency Forward Exchange Contracts* The Company uses forward exchange contracts to hedge certain of the foreign currency transaction exposures primarily related to its United Kingdom operations. The Company estimates its 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 the consolidated balance sheet, with the offsetting noncash gain or loss included in the consolidated statements of operations. The Company does not hold or issue foreign exchange options or forward contracts for trading purposes.

The following table summarizes the notional amount of the Company's open foreign exchange contracts at September 30, 2007 (in thousands):

|                                     | <b>Local<br/>Currency<br/>Amount</b> | <b>U.S. \$<br/>Equivalent</b> | <b>U.S. \$<br/>Equivalent<br/>Fair Value</b> |
|-------------------------------------|--------------------------------------|-------------------------------|----------------------------------------------|
| Contracts to (buy) sell currencies: |                                      |                               |                                              |
| U.S. dollar                         | \$ (469)                             | \$ (469)                      | \$ (469)                                     |
| Eurodollar                          | 42,295                               | 61,076                        | 61,440                                       |
| Swedish krona                       | 19,010                               | 2,934                         | 2,991                                        |
| Japanese yen                        | 3,214,500                            | 34,142                        | 30,111                                       |
| Australian dollar                   | 6,100                                | 5,212                         | 5,391                                        |

The difference between the U.S. \$ equivalent and U.S. \$ equivalent fair value of approximately \$3.4 million and \$8.5 million is included in other assets in the condensed consolidated balance sheet at September 30, 2007 and December 31, 2006, respectively.

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

**12. Pension and Other Post-Retirement Benefit Plans**

The Company sponsors pension and other post-retirement benefit plans that cover certain hourly and salaried employees in the United States and United Kingdom. The Company's policy is to make annual contributions to the plans to fund the normal cost as required by local regulations. In addition, the Company has a post-retirement benefit plan for certain U.S. operations, retirees and their dependents.

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The components of net periodic benefit cost related to the pension and other post-retirement benefit plans for the three months ending September 30, 2007 is as follows (in thousands):

|                                     | U.S. Pension Plans |        | Non U.S. Pension   |       | Other              |       |
|-------------------------------------|--------------------|--------|--------------------|-------|--------------------|-------|
|                                     | Three Months       |        | Plans              |       | Post-Retirement    |       |
|                                     | Ended              |        | Plans              |       | Benefit Plans      |       |
|                                     | September 30,      |        | Three Months Ended |       | Three Months Ended |       |
|                                     | 2007               | 2006   | 2007               | 2006  | 2007               | 2006  |
| Service cost                        | \$ 85              | \$ 114 | \$                 | \$ 3  | \$ 1               | \$ 10 |
| Interest cost                       | 429                | 430    | 631                | 573   | 43                 | 43    |
| Expected return on plan assets      | (389)              | (410)  | (603)              | (544) |                    |       |
| Amortization of prior service costs |                    |        |                    | 1     |                    |       |
| Recognized actuarial loss           |                    |        | 51                 | 46    | 20                 |       |
| Special Termination Benefits        | 51                 | 11     |                    |       | 111                |       |
| Net periodic benefit cost           | \$ 176             | \$ 145 | \$ 79              | \$ 79 | \$ 175             | \$ 53 |

The components of net periodic benefit cost related to the pension and other post-retirement benefit plans for the nine months ending September 30, 2007 is as follows (in thousands):

|                                     | U.S. Pension Plans |            | Non U.S. Pension  |         | Other             |            |
|-------------------------------------|--------------------|------------|-------------------|---------|-------------------|------------|
|                                     | Nine Months Ended  |            | Plans             |         | Post-Retirement   |            |
|                                     | September 30,      |            | Plans             |         | Benefit Plans     |            |
|                                     | September 30,      |            | Nine Months Ended |         | Nine Months Ended |            |
|                                     | 2007               | 2006       | 2007              | 2006    | 2007              | 2006       |
| Service cost                        | \$ 335             | \$ 515     | \$                | \$ 221  | \$ 14             | \$ 50      |
| Interest cost                       | 1,310              | 1,254      | 1,826             | 1,621   | 111               | 121        |
| Expected return on plan assets      | (1,151)            | (1,239)    | (1,740)           | (1,520) |                   |            |
| Amortization of prior service costs |                    |            |                   | 6       |                   |            |
| Recognized actuarial loss           |                    |            | 145               | 200     | 20                |            |
| Curtailment (gain) loss             |                    | (1,949)    |                   | 142     |                   | (2,058)    |
| Special termination benefits        | 161                | 46         |                   |         | 303               | 354        |
| Net periodic benefit cost           | \$ 655             | \$ (1,373) | \$ 231            | \$ 670  | \$ 448            | \$ (1,533) |

The Company previously disclosed in its financial statements for the year ended December 31, 2006, that it expected to contribute approximately \$2.7 million to its pension plans in 2007. As of September 30, 2007, approximately \$3.0 million of contributions have been made to its pension plans. The Company anticipates contributing an additional \$0.2 million to its pension plans in 2007 for total estimated contributions during 2007 of \$3.2 million.

**13. Comprehensive Income**



The Company follows the provisions of SFAS No. 130, *Reporting Comprehensive Income*, which established standards for reporting and display of comprehensive income and its components. Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the Company, comprehensive income represents net income adjusted for foreign currency translation adjustments and minimum pension liability. In accordance with SFAS No. 130, the Company has elected to disclose comprehensive income in stockholders' investment.

The components of accumulated other comprehensive income consisted of the following as of September 30, 2007 (in thousands):

|                                           |          |
|-------------------------------------------|----------|
| Foreign currency translation adjustment   | \$ 8,308 |
| Pension liability                         | (6,701)  |
| Unrealized loss on derivative instruments | (1,085)  |
|                                           | \$ 522   |

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Comprehensive income for the nine months ended September 30 was as follows (in thousands):

|                                           | <b>2007</b> | <b>2006</b> |
|-------------------------------------------|-------------|-------------|
| Net income                                | \$ 46       | \$ 46,908   |
| Other comprehensive income:               |             |             |
| Foreign currency translation adjustment   | 2,851       | 2,549       |
| Unrealized loss on derivative instruments | (1,085)     |             |
| Comprehensive income                      | \$ 1,812    | \$ 49,457   |

**14. Related Party Transactions**

On January 31, 2005, the Company entered into an advisory agreement with Hidden Creek Partners, LLC ( HCP ), pursuant to which HCP agreed to assist the Company in financing activities, strategic initiatives and acquisitions in exchange for an annual fee. In addition, the Company agreed to pay HCP a transaction fee for services rendered that relate to transactions the Company may enter into from time to time, in an amount that is negotiated between the Company's Chief Executive Officer or Chief Financial Officer and approved by the Company's Board of Directors. All of the principals of HCP are employees and managing directors of Thayer Capital. Scott Rued, the Company's Chairman, is a managing partner of Thayer Capital and Richard Snell, a member of the Company's Board of Directors and its Compensation Committee Chairman, is an operating partner of Thayer Capital. Thayer Capital, Scott Rued or Richard Snell are not a party to, and have no direct or indirect financial interest in the advisory agreement between the Company and HCP. For the nine months ended September 30, 2007 and 2006, the Company made payments under these arrangements of approximately \$0.2 million and \$0.2 million, respectively.

**15. Subsequent Events**

On October 1, 2007, the Company acquired all of the outstanding common stock of PEKM Kabeltechnik s.r.o. ( PEKM ), an electronic wire harness manufacturer primarily for the commercial truck market with two operating facilities in Liberec, Czech Republic and one operating facility in Kamyanets-Podilsky, Ukraine. Total cash consideration was approximately \$21.1 million.

On October 31, 2007, the Company acquired the assets of the Fabrication Division of Gage Industries, Inc. ( Gage ), an injection molding and heavy-gauge thermoforming manufacturer with operating facilities in Tigard and Lake Oswego, Oregon. Total cash consideration was approximately \$5.3 million.

**16. Consolidating Guarantor and Non-Guarantor Financial Information**

The following consolidating financial information presents balance sheets, statements of operations and cash flow information related to the Company's business. Each guarantor, as defined, is a direct or indirect wholly owned subsidiary of the Company and has fully and unconditionally guaranteed the subordinated notes issued by the Company, on a joint and several basis. Separate financial statements and other disclosures concerning the guarantors have not been presented because management believes that such information is not material to investors.

The parent company includes all of the wholly owned subsidiaries accounted for under the equity method. The guarantor and non-guarantor companies include the consolidated financial results of their wholly owned subsidiaries accounted for under the equity method. All applicable corporate expenses have been allocated appropriately among the guarantor and non-guarantor subsidiaries.

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007**

|                                                 | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|--------------------|---------------------|
| REVENUES                                        | \$                        | \$ 123,819                     | \$ 40,029                                                             | \$ (2,930)         | \$ 160,918          |
| COST OF REVENUES                                |                           | 111,832                        | 33,776                                                                | (2,509)            | 143,099             |
| Gross Profit                                    |                           | 11,987                         | 6,253                                                                 | (421)              | 17,819              |
| SELLING, GENERAL AND<br>ADMINISTRATIVE EXPENSES |                           | 10,972                         | 3,923                                                                 | (230)              | 14,665              |
| AMORTIZATION EXPENSE                            |                           | 103                            | 66                                                                    |                    | 169                 |
| RESTRUCTURING CHARGES                           |                           | 182                            |                                                                       |                    | 182                 |
| Operating Income (Loss)                         |                           | 730                            | 2,264                                                                 | (191)              | 2,803               |
| OTHER (INCOME) EXPENSE                          |                           | (115)                          | 4,454                                                                 |                    | 4,339               |
| INTEREST EXPENSE (INCOME)                       |                           | 3,268                          | (26)                                                                  |                    | 3,242               |
| LOSS ON EARLY<br>EXTINGUISHMENT OF DEBT         |                           |                                |                                                                       |                    |                     |
| (Loss) Before Income Taxes                      |                           | (2,423)                        | (2,164)                                                               | (191)              | (4,778)             |
| (BENEFIT) FOR INCOME TAXES                      |                           | (1,088)                        | (1,008)                                                               |                    | (2,096)             |
| NET (LOSS)                                      | \$                        | \$ (1,335)                     | \$ (1,156)                                                            | \$ (191)           | \$ (2,682)          |

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007**

|                                                 | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-------------------------------------------------|---------------------------|--------------------------------|----------------------------------------------------|--------------------|---------------------|
|                                                 |                           |                                | <b>(In thousands)</b>                              |                    |                     |
| REVENUES                                        | \$                        | \$ 401,049                     | \$ 125,882                                         | \$ (8,646)         | \$ 518,285          |
| COST OF REVENUES                                |                           | 358,656                        | 106,447                                            | (7,525)            | 457,578             |
| Gross Profit                                    |                           | 42,393                         | 19,435                                             | (1,121)            | 60,707              |
| SELLING, GENERAL AND<br>ADMINISTRATIVE EXPENSES |                           | 33,981                         | 11,640                                             | (792)              | 44,829              |
| AMORTIZATION EXPENSE                            |                           | 310                            | 221                                                |                    | 531                 |
| RESTRUCTURING CHARGES                           |                           | 1,180                          |                                                    |                    | 1,180               |
| Operating Income (Loss)                         |                           | 6,922                          | 7,574                                              | (329)              | 14,167              |
| OTHER (INCOME) EXPENSE                          |                           | (471)                          | 5,027                                              |                    | 4,556               |
| INTEREST EXPENSE                                |                           | 9,828                          | 587                                                |                    | 10,415              |
| LOSS ON EARLY<br>EXTINGUISHMENT OF DEBT         |                           | 24                             | 125                                                |                    | 149                 |
| (Loss) Income Before Income Taxes               |                           | (2,459)                        | 1,835                                              | (329)              | (953)               |
| (BENEFIT) PROVISION FOR<br>INCOME TAXES         |                           | (1,050)                        | 51                                                 |                    | (999)               |
| NET (LOSS) INCOME                               | \$                        | \$ (1,409)                     | \$ 1,784                                           | \$ (329)           | \$ 46               |

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2007**

|                                                | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b>  | <b>Consolidated</b> |
|------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                  |                           |                                |                                                                       |                     |                     |
| <b>CURRENT ASSETS:</b>                         |                           |                                |                                                                       |                     |                     |
| Cash and cash equivalents                      | \$                        | \$ 3,990                       | \$ 34,085                                                             | \$                  | \$ 38,075           |
| Accounts receivable, net                       |                           | 77,318                         | 26,147                                                                |                     | 103,465             |
| Inventories, net                               |                           | 59,888                         | 25,671                                                                | (553)               | 85,006              |
| Prepaid expenses and other current assets      |                           | 4,784                          | 6,634                                                                 | 7,988               | 19,406              |
| Deferred income taxes                          |                           | 13,385                         | (1,131)                                                               | (1,946)             | 10,308              |
| Total current assets                           |                           | 159,365                        | 91,406                                                                | 5,489               | 256,260             |
| PROPERTY, PLANT AND EQUIPMENT, net             |                           | 81,510                         | 9,159                                                                 |                     | 90,669              |
| INVESTMENT IN SUBSIDIARIES                     | 401,658                   | (95,736)                       | 19,739                                                                | (325,661)           |                     |
| GOODWILL                                       |                           | 104,363                        | 28,355                                                                |                     | 132,718             |
| INTANGIBLE ASSETS, net                         |                           | 83,897                         | 3,755                                                                 |                     | 87,652              |
| OTHER ASSETS, net                              |                           | 15,578                         | 6,746                                                                 | (10,330)            | 11,994              |
| <b>TOTAL ASSETS</b>                            | <b>\$ 401,658</b>         | <b>\$ 348,977</b>              | <b>\$ 159,160</b>                                                     | <b>\$ (330,502)</b> | <b>\$ 579,293</b>   |
| <b>LIABILITIES AND STOCKHOLDERS INVESTMENT</b> |                           |                                |                                                                       |                     |                     |
| <b>CURRENT LIABILITIES:</b>                    |                           |                                |                                                                       |                     |                     |
| Current maturities of long-term debt           | \$                        | \$ 115                         | \$                                                                    | \$                  | \$ 115              |
| Accounts payable                               |                           | 47,861                         | 29,607                                                                |                     | 77,468              |
| Accrued liabilities                            |                           | 22,288                         | 5,679                                                                 | 6,042               | 34,009              |
| Total current liabilities                      |                           | 70,264                         | 35,286                                                                | 6,042               | 111,592             |
| LONG-TERM DEBT, net of current maturities      |                           | 161,609                        | 25,747                                                                | (25,716)            | 161,640             |
| DEFERRED TAX LIABILITIES                       |                           | 24,925                         | (816)                                                                 | (10,330)            | 13,779              |
| PENSION AND OTHER POST-RETIREMENT BENEFITS     |                           | 10,845                         | 10,029                                                                |                     | 20,874              |
| OTHER LONG-TERM LIABILITIES                    |                           | 1,835                          | 12                                                                    |                     | 1,847               |
| Total liabilities                              |                           | 269,478                        | 70,258                                                                | (30,004)            | 309,732             |
| STOCKHOLDERS INVESTMENT                        | 401,658                   | 79,499                         | 88,902                                                                | (300,498)           | 269,561             |

TOTAL LIABILITIES AND  
STOCKHOLDERS INVESTMENT \$ 401,658 \$ 348,977 \$ 159,160 \$ (330,502) \$ 579,293

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007**

|                                                                                   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-----------------------------------------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |
| Net (loss) income                                                                 | \$                        | \$ (1,409)                     | \$ 1,784                                                              | \$ (329)           | \$ 46               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |                                |                                                                       |                    |                     |
| Depreciation and amortization                                                     |                           | 9,702                          | 2,087                                                                 |                    | 11,789              |
| Noncash amortization of debt financing costs                                      |                           | 624                            | 20                                                                    |                    | 644                 |
| Loss on early extinguishment of debt                                              |                           | 24                             | 125                                                                   |                    | 149                 |
| Stock-based compensation expense                                                  |                           | 2,246                          |                                                                       |                    | 2,246               |
| Loss on sale of assets                                                            |                           | 107                            | 26                                                                    |                    | 133                 |
| Deferred income tax provision                                                     |                           | 3,171                          | (1,490)                                                               |                    | 1,681               |
| Noncash loss on forward exchange contracts                                        |                           |                                | 5,048                                                                 |                    | 5,048               |
| Change in other operating items                                                   |                           | (4,945)                        | 13,830                                                                | 329                | 9,214               |
| Net cash provided by operating activities                                         |                           | 9,520                          | 21,430                                                                |                    | 30,950              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |
| Purchases of property, plant and equipment                                        |                           | (9,078)                        | (2,151)                                                               |                    | (11,229)            |
| Proceeds from disposal/sale of property, plant and equipment                      |                           |                                | 102                                                                   |                    | 102                 |
| Post-acquisition and acquisition payments, net of cash received                   |                           | (330)                          | (487)                                                                 |                    | (817)               |
| Other asset and liabilities                                                       |                           | (26,338)                       | 124                                                                   | 25,716             | (498)               |
| Net cash (used in) provided by investing activities                               |                           | (35,746)                       | (2,412)                                                               | 25,716             | (12,442)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |
| Proceeds from issuance of common stock under equity incentive plans               |                           | 463                            |                                                                       |                    | 463                 |
|                                                                                   |                           | 73                             |                                                                       |                    | 73                  |

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|                                                                       |          |           |           |           |
|-----------------------------------------------------------------------|----------|-----------|-----------|-----------|
| Excess tax benefits from equity incentive plans                       |          |           |           |           |
| Repayment of revolving credit facility                                | (64,000) | (8,984)   |           | (72,984)  |
| Borrowings under revolving credit facility                            | 75,500   | 33,203    | (25,716)  | 82,987    |
| Repayments of long-term debt                                          |          | (10,295)  |           | (10,295)  |
| Payments on capital lease obligations, other, net                     | (88)     | (6)       |           | (94)      |
| Net cash provided by (used in) financing activities                   | 11,948   | 13,918    | (25,716)  | 150       |
| EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS |          | (404)     |           | (404)     |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS                  | (14,278) | 32,532    |           | 18,254    |
| CASH AND CASH EQUIVALENTS:                                            |          |           |           |           |
| Beginning of period                                                   | 18,268   | 1,553     |           | 19,821    |
| End of period                                                         | \$ 3,990 | \$ 34,085 | \$ 38,075 | \$ 38,075 |



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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006**

|                                                 | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|--------------------|---------------------|
| REVENUES                                        | \$                        | \$ 202,931                     | \$ 34,421                                                             | \$ (1,511)         | \$ 235,841          |
| COST OF SALES                                   |                           | 167,818                        | 28,575                                                                | (1,349)            | 195,044             |
| Gross Profit                                    |                           | 35,113                         | 5,846                                                                 | (162)              | 40,797              |
| SELLING, GENERAL AND<br>ADMINISTRATIVE EXPENSES |                           | 9,891                          | 3,552                                                                 | (149)              | 13,294              |
| AMORTIZATION EXPENSE                            |                           | 104                            |                                                                       |                    | 104                 |
| Operating Income                                |                           | 25,118                         | 2,294                                                                 | (13)               | 27,399              |
| OTHER INCOME                                    |                           | (5)                            | (1,637)                                                               |                    | (1,642)             |
| INTEREST EXPENSE                                |                           | 3,293                          | 289                                                                   |                    | 3,582               |
| LOSS ON EARLY<br>EXTINGUISHMENT OF DEBT         |                           |                                |                                                                       |                    |                     |
| Income Before Income Taxes                      |                           | 21,830                         | 3,642                                                                 | (13)               | 25,459              |
| PROVISION FOR INCOME TAXES                      |                           | 6,205                          | 1,248                                                                 |                    | 7,453               |
| NET INCOME                                      | \$                        | \$ 15,625                      | \$ 2,394                                                              | \$ (13)            | \$ 18,006           |

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006**

|                                                 | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|--------------------|---------------------|
| REVENUES                                        | \$                        | \$ 601,728                     | \$ 102,713                                                            | \$ (4,468)         | \$ 699,973          |
| COST OF SALES                                   |                           | 498,677                        | 85,530                                                                | (3,962)            | 580,245             |
| Gross Profit                                    |                           | 103,051                        | 17,183                                                                | (506)              | 119,728             |
| SELLING, GENERAL AND<br>ADMINISTRATIVE EXPENSES |                           | 29,853                         | 10,257                                                                | (417)              | 39,693              |
| AMORTIZATION EXPENSE                            |                           | 312                            |                                                                       |                    | 312                 |
| Operating Income                                |                           | 72,886                         | 6,926                                                                 | (89)               | 79,723              |
| OTHER EXPENSE (INCOME)                          |                           | 9                              | (2,729)                                                               |                    | (2,720)             |
| INTEREST EXPENSE                                |                           | 10,417                         | 904                                                                   |                    | 11,321              |
| LOSS ON EARLY<br>EXTINGUISHMENT OF DEBT         |                           | 282                            | 36                                                                    |                    | 318                 |
| Income Before Income Taxes                      |                           | 62,178                         | 8,715                                                                 | (89)               | 70,804              |
| PROVISION FOR INCOME TAXES                      |                           | 20,774                         | 3,122                                                                 |                    | 23,896              |
| NET INCOME                                      | \$                        | \$ 41,404                      | \$ 5,593                                                              | \$ (89)            | \$ 46,908           |

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2006**

|                                                | Parent<br>Company | Guarantor<br>Companies | Non-Guarantor<br>Companies<br>(In thousands) | Elimination         | Consolidated      |
|------------------------------------------------|-------------------|------------------------|----------------------------------------------|---------------------|-------------------|
| <b>ASSETS</b>                                  |                   |                        |                                              |                     |                   |
| <b>CURRENT ASSETS:</b>                         |                   |                        |                                              |                     |                   |
| Cash and cash equivalents                      | \$                | \$ 18,268              | \$ 1,553                                     | \$                  | \$ 19,821         |
| Accounts receivable, net                       |                   | 148,244                | 31,356                                       | (56,129)            | 123,471           |
| Inventories, net                               |                   | 66,337                 | 22,610                                       | (224)               | 88,723            |
| Prepaid expenses                               |                   | 6,984                  | 5,819                                        | 11,469              | 24,272            |
| Deferred income taxes                          |                   | 11,570                 | (2,751)                                      |                     | 8,819             |
| Total current assets                           |                   | 251,403                | 58,587                                       | (44,884)            | 265,106           |
| <b>PROPERTY, PLANT AND EQUIPMENT, net</b>      |                   |                        |                                              |                     |                   |
|                                                |                   | 81,930                 | 8,458                                        |                     | 90,388            |
| <b>INVESTMENT IN SUBSIDIARIES</b>              |                   |                        |                                              |                     |                   |
|                                                | 400,817           | 10,602                 | 11,987                                       | (423,406)           |                   |
| <b>GOODWILL</b>                                |                   |                        |                                              |                     |                   |
|                                                |                   | 104,033                | 30,733                                       |                     | 134,766           |
| <b>INTANGIBLE ASSETS, net</b>                  |                   |                        |                                              |                     |                   |
|                                                |                   | 84,188                 |                                              |                     | 84,188            |
| <b>OTHER ASSETS, net</b>                       |                   |                        |                                              |                     |                   |
|                                                |                   | 7,761                  | 8,613                                        |                     | 16,374            |
| <b>DEFERRED INCOME TAXES</b>                   |                   |                        |                                              |                     |                   |
|                                                |                   | 8,624                  | 3,323                                        | (11,947)            |                   |
| <b>TOTAL ASSETS</b>                            | <b>\$ 400,817</b> | <b>\$ 548,541</b>      | <b>\$ 121,701</b>                            | <b>\$ (480,237)</b> | <b>\$ 590,822</b> |
| <b>LIABILITIES AND STOCKHOLDERS INVESTMENT</b> |                   |                        |                                              |                     |                   |
| <b>CURRENT LIABILITIES:</b>                    |                   |                        |                                              |                     |                   |
| Current maturities of long-term debt           | \$                | \$ 2,158               | \$                                           | \$                  | \$ 2,158          |
| Accounts payable                               |                   | 123,398                | 19,341                                       | (56,129)            | 86,610            |
| Accrued liabilities                            |                   | 25,661                 | 3,840                                        | 11,469              | 40,970            |
| Total current liabilities                      |                   | 151,217                | 23,181                                       | (44,660)            | 129,738           |
| <b>LONG-TERM DEBT, net</b>                     |                   |                        |                                              |                     |                   |
|                                                |                   | 148,156                | 11,800                                       |                     | 159,956           |
| <b>DEFERRED TAX LIABILITIES</b>                |                   |                        |                                              |                     |                   |
|                                                |                   | 23,374                 | (816)                                        | (11,947)            | 10,611            |
| <b>OTHER LONG-TERM LIABILITIES</b>             |                   |                        |                                              |                     |                   |
|                                                |                   | 15,556                 | 10,056                                       |                     | 25,612            |
| Total liabilities                              |                   | 338,303                | 44,221                                       | (56,607)            | 325,917           |
| <b>STOCKHOLDERS INVESTMENT</b>                 |                   |                        |                                              |                     |                   |
|                                                | 400,817           | 210,238                | 77,480                                       | (423,630)           | 264,905           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS</b>      | <b>\$ 400,817</b> | <b>\$ 548,541</b>      | <b>\$ 121,701</b>                            | <b>\$ (480,237)</b> | <b>\$ 590,822</b> |

INVESTMENT

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**COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006**

|                                                                                   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Companies</b> | <b>Non-Guarantor<br/>Companies<br/>(Unaudited)<br/>(In thousands)</b> | <b>Elimination</b> | <b>Consolidated</b> |
|-----------------------------------------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------------------------------|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |
| Net income (loss)                                                                 | \$                        | \$ 41,404                      | \$ 5,593                                                              | \$ (89)            | \$ 46,908           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |                                |                                                                       |                    |                     |
| Depreciation and amortization                                                     |                           | 9,633                          | 1,533                                                                 |                    | 11,166              |
| Noncash amortization of debt financing costs                                      |                           | 649                            | 30                                                                    |                    | 679                 |
| Loss on early extinguishment of debt                                              |                           | 282                            | 36                                                                    |                    | 318                 |
| Stock-based compensation expense                                                  |                           | 1,418                          |                                                                       |                    | 1,418               |
| (Gain)/loss on sale of assets                                                     |                           | (380)                          | 13                                                                    |                    | (367)               |
| Pension and post-retirement curtailment (gain)/loss                               |                           | (4,007)                        | 142                                                                   |                    | (3,865)             |
| Deferred income tax provision                                                     |                           | (3,415)                        | 1,736                                                                 |                    | (1,679)             |
| Noncash gain on forward exchange contracts                                        |                           |                                | (2,707)                                                               |                    | (2,707)             |
| Change in other operating items                                                   |                           | (25,755)                       | (2,423)                                                               | 89                 | (28,089)            |
| Net cash provided by operating activities                                         |                           | 19,829                         | 3,953                                                                 |                    | 23,782              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |
| Purchases of property, plant and equipment                                        |                           | (13,617)                       | (1,434)                                                               |                    | (15,051)            |
| Proceeds from disposal/sale of property, plant and equipment                      |                           | 332                            | 45                                                                    |                    | 377                 |
| Proceeds from disposal/sale of other assets                                       |                           | 1,800                          |                                                                       |                    | 1,800               |
| Post-acquisition and acquisitions payments, net of cash received                  |                           | (606)                          |                                                                       |                    | (606)               |
| Other asset and liabilities                                                       |                           | (420)                          |                                                                       |                    | (420)               |
| Net cash used in investing activities                                             |                           | (12,511)                       | (1,389)                                                               |                    | (13,900)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                           |                                |                                                                       |                    |                     |

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|                                                                       |           |          |           |
|-----------------------------------------------------------------------|-----------|----------|-----------|
| Proceeds from issuance of common stock under equity incentive plans   | 1,165     |          | 1,165     |
| Excess tax benefits from equity incentive plans                       | 148       |          | 148       |
| Repayment of revolving credit facility                                | (16,000)  | (8,640)  | (24,640)  |
| Borrowings under revolving credit facility                            | 16,000    | 7,730    | 23,730    |
| Repayments of long-term borrowings                                    | (26,591)  | (1,195)  | (27,786)  |
| Other, net                                                            | (527)     | 451      | (76)      |
| Net cash used in financing activities                                 | (25,805)  | (1,654)  | (27,459)  |
| EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (21)      | (1,147)  | (1,168)   |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS                           | (18,508)  | (237)    | (18,745)  |
| CASH AND CASH EQUIVALENTS:                                            |           |          |           |
| Beginning of period                                                   | 39,153    | 1,488    | 40,641    |
| End of period                                                         | \$ 20,645 | \$ 1,251 | \$ 21,896 |

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**ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Company Overview**

We are a leading supplier of fully integrated system solutions for the global commercial vehicle market, including the Heavy-duty (Class 8) 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 oversupply of new and used vehicle inventory and lower spending on commercial vehicles and equipment. Demand for commercial vehicles improved in 2006 due to broad economic recovery in North America, corresponding growth in the movement of goods, the growing need to replace aging truck fleets and OEMs received larger than expected pre-orders in anticipation of the new EPA emissions standards becoming effective in 2007. In the first nine months of 2007, the production of Class 8 heavy trucks has declined from 2006 levels and we expect this decline to continue for the balance of 2007.

Demand for our products is also driven to a significant degree by preferences of the end-user of the commercial vehicle, particularly with respect to Heavy-duty (Class 8) trucks. Unlike the automotive industry, commercial vehicle OEMs generally afford the ultimate end-user the ability to specify many of the component parts that will be used to manufacture the commercial vehicle, including a wide variety of cab interior styles and colors, the brand and type of seats, type of seat fabric and color and specific mirror styling. In addition, certain of our products are only utilized in Heavy-duty (Class 8) trucks, such as our storage systems, sleeper boxes, sleeper bunks and privacy curtains, and, as a result, changes in demand for Heavy-duty (Class 8) trucks or the mix of options on a vehicle can have a greater impact on our business than changes in the overall demand for commercial vehicles. To the extent that demand 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. 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.

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

- establishing sourcing efforts in China and Europe and other lower cost regions of the world;

- eliminating excess production capacity through the closure and consolidation of manufacturing or assembly facilities; and

implementing Lean Manufacturing and Total Quality Production System ( TQPS ) initiatives to improve operating efficiency and product quality.



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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.

**Results of Operations**

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

|                                              | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|----------------------------------------------|---------------------------|-------------|--------------------------|-------------|
|                                              | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|                                              | <b>2007</b>               | <b>2006</b> | <b>2007</b>              | <b>2006</b> |
| Revenues                                     | 100.0%                    | 100.0%      | 100.0%                   | 100.0%      |
| Cost of Revenues                             | 88.9                      | 82.7        | 88.3                     | 82.9        |
| Gross Profit                                 | 11.1                      | 17.3        | 11.7                     | 17.1        |
| Selling, General and Administrative Expenses | 9.1                       | 5.6         | 8.6                      | 5.7         |
| Amortization Expense                         | 0.1                       |             | 0.1                      |             |
| Restructuring Charges                        | 0.1                       |             | 0.2                      |             |
| Operating Income                             | 1.8                       | 11.7        | 2.8                      | 11.4        |
| Other Expense (Income)                       | 2.7                       | (0.7)       | 0.9                      | (0.4)       |
| Interest Expense                             | 2.0                       | 1.5         | 2.0                      | 1.6         |
| Loss on Early Extinguishment of Debt         |                           |             |                          |             |
| (Loss) Income Before Income Taxes            | (2.9)                     | 10.9        | (0.1)                    | 10.2        |
| (Benefit) Provision for Income Taxes         | (1.3)                     | 3.2         | (0.2)                    | 3.4         |
| Net (Loss) Income                            | (1.6)%                    | 7.7%        | 0.1%                     | 6.8%        |

**Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

**Revenues.** Revenues decreased approximately \$74.9 million, or 31.8%, to \$160.9 million in the three months ended September 30, 2007 from \$235.8 million in the three months ended September 30, 2006. This decrease resulted primarily from a decrease of approximately 54% in North American Heavy-duty (Class 8) truck production, product pricing adjustments and change in product mix and content equating to approximately \$80.3 million reduction in revenues. The decrease in revenues was partially offset by increased acquisition related revenues of approximately \$3.4 million related to the acquisition of C.I.E.B. Kahovec, spol. s.r.o. ( CIEB ), a decrease in production levels and net new business awards for our European, Australian and Asian markets of approximately \$0.2 million and favorable

foreign exchange fluctuations and adjustments of approximately \$2.2 million.

*Gross Profit.* Gross profit decreased approximately \$23.0 million, or 56.3%, to \$17.8 million in the three months ended September 30, 2007 from \$40.8 million in the three months ended September 30, 2006. As a percentage of revenues, gross profit decreased to 11.1% in the three months ended September 30, 2007 from 17.3% in the three months ended September 30, 2006. This decrease resulted primarily from the reduction in revenues and the change in product mix and content of our products over the prior year period.

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*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased approximately \$1.4 million, or 10.3%, to \$14.7 million in the three months ended September 30, 2007 from \$13.3 million in the three months ended September 30, 2006. Selling, general and administrative expenses increased compared to the prior year primarily from higher wages and benefits, travel expenses and additional costs related to the support of our long-term growth strategy.

*Other Income.* We use forward exchange contracts to hedge foreign currency transaction exposures related primarily to our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion of the anticipated long or short position. We have not 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 loss of approximately \$4.3 million in the three months ended September 30, 2007 and the gain of approximately \$1.6 million in the three months ended September 30, 2006 primarily represent the noncash change in value of the forward exchange contracts in existence at the end of each respective period. Also included in the \$4.3 million loss in the three months ended September 30, 2007 is a gain of approximately \$0.1 million related to the reversal of estimated withholding tax penalties and interest on prior period debt related payments.

*Interest Expense.* Interest expense decreased approximately \$0.3 million to \$3.3 million in the three months ended September 30, 2007 from \$3.6 million in the three months ended September 30, 2006. This decrease was primarily due to lower average outstanding indebtedness.

*(Benefit) Provision for Income Taxes.* Our effective tax rate was 43.9% for the three months ended September 30, 2007 and 29.3% for the same period in 2006. An income tax benefit of approximately \$2.1 million was recorded for the three months ended September 30, 2007 compared to an income tax provision of \$7.5 million for the three months ended September 30, 2006. The increase in effective rate from the prior year quarter can be primarily attributed to our decreased earnings before taxes, our tax position in certain geographical regions, release of certain tax reserves and generation of federal tax credits.

*Net (Loss) Income.* Net income decreased approximately \$20.7 million to a loss of \$2.7 million in the three months ended September 30, 2007 compared to income of \$18.0 million in the three months ended September 30, 2006 primarily as a result of the factors discussed above.

***Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006***

*Revenues.* Revenues decreased approximately \$181.7 million, or 26.0%, to \$518.3 million in the nine months ended September 30, 2007 from \$700.0 million in the nine months ended September 30, 2006. This decrease resulted primarily from a decrease of approximately 42% in North American Heavy-duty (Class 8) truck production, product pricing adjustments and change in product mix and content equating to approximately \$203.3 million reduction in revenues. The decrease in revenues was partially offset by increased acquisition related revenues of approximately \$8.6 million related to the acquisition of CIEB, an increase in production levels and net new business awards for our European, Australian and Asian markets of approximately \$4.3 million and favorable foreign exchange fluctuations and adjustments of approximately \$8.7 million.

*Gross Profit.* Gross profit decreased approximately \$59.0 million, or 49.3%, to \$60.7 million in the nine months ended September 30, 2007 from \$119.7 million in the nine months ended September 30, 2006. As a percentage of revenues, gross profit decreased to 11.7% in the nine months ended September 30, 2007 from 17.1% in the nine months ended September 30, 2006. This decrease resulted primarily from the reduction in revenues and the change in product mix and content of our products over the prior year period.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased approximately \$5.1 million, or 12.9%, to \$44.8 million in the nine months ended September 30, 2007 from \$39.7 million in the nine months ended September 30, 2006. Selling, general and administrative expenses increased compared to the prior year primarily from higher wages and benefits, travel expenses and additional costs related to the support of our long-term growth strategy as well as increased stock compensation expense under FAS123(R).

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*Other Expense (Income).* We use forward exchange contracts to hedge foreign currency transaction exposures related primarily to our United Kingdom operations. We estimate our projected revenues and purchases in certain foreign currencies or locations and will hedge a portion of the anticipated long or short position. We have not 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 loss of approximately \$4.6 million in the nine months ended September 30, 2007 and the gain of approximately \$2.7 million in the nine months ended September 30, 2006 primarily represent the noncash change in value of the forward exchange contracts in existence at the end of each respective period. Also included in the \$4.6 million loss in the nine months ended September 30, 2007 is a gain of approximately \$0.6 million related to the adjustment of estimated withholding tax penalties and interest on prior debt related payments.

*Interest Expense.* Interest expense decreased approximately \$0.9 million to \$10.4 million in the nine months ended September 30, 2007 from \$11.3 million in the nine months ended September 30, 2006. This decrease was primarily due to lower average outstanding indebtedness.

*Loss on Early Extinguishment of Debt.* In June 2007, we repaid our foreign denominated term loan. In connection with this loan repayment, we wrote off a proportionate amount of our debt financing costs of approximately \$0.1 million. In connection with our June 30, 2006 repayment of approximately \$25.0 million of our U.S. Dollar denominated term loan, we wrote off a proportionate amount of our debt financing costs of approximately \$0.3 million.

*(Benefit) Provision for Income Taxes.* Our effective tax rate was 104.8% for the nine months ended September 30, 2007 and 33.7% for the same period in 2006. An income tax benefit of approximately \$1.0 million was recorded for the nine months ended September 30, 2007 compared to an income tax provision of \$23.9 million for the nine months ended September 30, 2006. The increase in effective rate from the prior year period can be primarily attributed to our tax position in certain geographical regions and changes in federally enacted tax credits and deductions for manufacturing activities along with our permanent items during the nine months ended September 30, 2007.

*Net Income.* Net income decreased approximately \$46.8 million to \$46 thousand in the nine months ended September 30, 2007, compared to \$46.9 million in the nine months ended September 30, 2006 primarily as a result of the factors discussed above.

**Liquidity and Capital Resources****Cash Flows**

For the nine months ended September 30, 2007, net cash provided by operations was approximately \$30.9 million compared to net cash provided by operations of \$23.8 million from the prior year period. This increase is primarily a result of the change in accounts receivable.

Net cash used in investing activities was approximately \$12.4 million for the nine months ended September 30, 2007 and approximately \$13.9 million for the comparable period in 2006. The net cash used primarily reflects ongoing capital expenditure purchases in each of the respective periods.

Net cash provided by financing activities was approximately \$150 thousand for the nine months ended September 30, 2007, compared to net cash used in financing activities of approximately \$27.5 million in the same period of 2006. The net cash provided by financing activities was primarily used to fund ongoing operational activities. The reduction in net cash used from the prior year period is due primarily to lower term loan repayments.

**Debt and Credit Facilities**

As of September 30, 2007, we had an aggregate of approximately \$161.6 million of outstanding indebtedness excluding approximately \$1.8 million of outstanding letters of credit under various financing arrangements.

As of September 30, 2007, \$11.5 million of the revolving credit facility borrowings were denominated in U.S. dollars. The weighted average rate of these borrowings for the nine months ended September 30, 2007 was approximately 8.0% for the revolving credit facility and 7.4% for the term loan borrowings.

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Based on the provisions of EITF 96-19, *Debtor's Accounting for a Modification or Exchange of Debt Instruments*, approximately \$4.1 million in deferred fees relating to the credit agreement and senior notes were outstanding at September 30, 2007 and are being amortized over the life of the agreements.

Under the terms of our senior credit agreement, the revolving credit facility is available until January 31, 2010 and the term loans are due and payable on December 31, 2010. 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 agreement 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 agreement contains various financial covenants, including, a limitation on the amount of capital expenditures of not more than \$40.0 million in any fiscal year, a minimum ratio of EBITDA to cash interest expense of not less than 2.50, a fixed charge coverage ratio and a maximum ratio of total indebtedness to EBITDA. The fixed charge coverage ratio and the maximum ratio of total indebtedness for the 12 months then ended, as measured at the end of each fiscal quarter is set forth below:

| Quarter(s) Ending                                 | Fixed Charge Coverage Ratio |
|---------------------------------------------------|-----------------------------|
| 09/30/2007 through 12/31/2007                     | 1.10 to 1.00                |
| 03/31/2008                                        | 1.00 to 1.00                |
| 06/30/2008                                        | 1.10 to 1.00                |
| 09/30/2008 and each fiscal quarter end thereafter | 1.30 to 1.00                |

  

| Quarter(s) Ending                                 | Maximum Ratio of Total Indebtedness |
|---------------------------------------------------|-------------------------------------|
| 09/30/2007                                        | 3.75 to 1.00                        |
| 12/31/2007 through 03/31/2008                     | 4.75 to 1.00                        |
| 06/30/2008                                        | 3.75 to 1.00                        |
| 09/30/2008                                        | 2.75 to 1.00                        |
| 12/31/2008 and each fiscal quarter end thereafter | 2.50 to 1.00                        |

The senior credit agreement 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 agreement, and our indebtedness thereunder could be declared immediately due and payable.

The senior credit agreement is collateralized by substantially all of our assets. The senior credit agreement also contains customary events of default. We were in compliance with all of our respective financial covenants under our debt and credit facilities as of September 30, 2007.

We believe that cash flow from operating activities together with available borrowings under our senior credit agreement will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for at least the next 12 months. We regularly review acquisitions and additional opportunities, which may require additional debt or equity financing.

**Update on Contractual Obligations**

We adopted FIN 48, *Accounting for Uncertainty in Income Taxes*, as of January 1, 2007. During the current quarter, we released tax reserves totaling \$1.9 million of tax, interest and penalties due to expiring statute of limitations. At September 30, 2007, we have provided a liability for \$2.6 million of unrecognized tax benefits related to various income tax positions. However, the net obligation to taxing authorities under FIN 48 was \$1.8 million. The difference relates primarily to receivables based on future amended returns. We do not expect a significant tax payment related to these obligations within the next year.

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**Forward-Looking Statements**

All statements, other than statements of historical fact included in this Form 10-Q, including without limitation the statements under Management's Discussion and Analysis of Financial Condition and Results of Operations are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Form 10-Q, the words anticipate, believe, estimate, expect, intend, plan and similar expressions, as they relate to us, are intended to identify forward-looking statements. Such forward-looking statements are based on the beliefs of our management as well as on assumptions made by and information currently available to us at the time such statements were made. Various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including factors which are outside of our control, such as risks relating to: (i) our ability to develop or successfully introduce new products; (ii) risks associated with conducting business in foreign countries and currencies; (iii) general economic or business conditions affecting the markets in which we serve; (iv) increased competition in the heavy-duty truck market; (v) our failure to complete or successfully integrate additional strategic acquisitions; (vi) the impact of changes made by governmental regulations on our customers or on our business; (vii) the loss of business from a major customer or the discontinuation of particular commercial vehicle platforms; and (viii) various other risks as outlined in our SEC filings. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by such cautionary statements.

**ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our exposure to market risk since December 31, 2006.

**ITEM 4 CONTROLS AND PROCEDURES**

*Disclosure Controls and Procedures.* Our senior management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report, with the participation of our Chief Executive Officer and Chief Financial Officer, as well as other key members of our management. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2007.

There was no change in our internal control over financial reporting during the nine months ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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**PART II. OTHER INFORMATION**

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

Item 1. Legal Proceedings:

From time to time, we are involved in various disputes and litigation matters that arise in the ordinary course of our business. We do not have any material litigation at this time.

Item 1A. Risk Factors:

There have been no material changes to our risk factors as disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006.

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Item 6. Exhibits:

- 10.1 Amendment and Waiver Letter to Revolving Credit and Term Loan Agreement, dated as of August 16, 2007, by and among Commercial Vehicle Group, Inc., the subsidiary borrowers from time to time parties thereto, the foreign currency borrowers from time to time parties thereto, the banks from time to time parties thereto, U.S. Bank National Association, one of the banks, as administrative agents for the banks, and Comerica Bank, one of the banks, as syndication agent for the banks (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on October 1, 2007).
- 10.2 Tenth Amendment to Revolving Credit and Term Loan Agreement, dated as of September 28, 2007, by and among Commercial Vehicle Group, Inc., the subsidiary borrowers from time to time parties thereto, the foreign currency borrowers from time to time parties thereto, the banks from time to time parties thereto, U.S. Bank National Association, one of the banks, as administrative agents for the banks, and Comerica Bank, one of the banks, as syndication agent for the banks (incorporated by reference to the Company's current report on Form 8-K (File No. 000-50890), filed on October 1, 2007).
- 31.1 Certification by Mervin Dunn, President and Chief Executive Officer.
- 31.2 Certification by Chad M. Utrup, Chief Financial Officer.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMERCIAL VEHICLE GROUP, INC.

Date: November 5, 2007

By: /s/ Chad M. Utrup  
Chad M. Utrup  
Chief Financial Officer

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