STONERIDGE INC
Form DEF 14A
April 20, 2010

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant x

Filed by a party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

Stoneridge, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

Not Applicable

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

Not Applicable

(3) Filing Party:

Not Applicable

(4) Date Filed:

Not Applicable

STONERIDGE, INC.
9400 East Market Street
Warren, Ohio 44484

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

We will hold the 2010 Annual Meeting of Shareholders of Stoneridge, Inc. on Monday, May 17, 2010, at 11:00 a.m. Eastern Time, at the Sheraton Cleveland Airport Hotel, 5300 Riverside Drive, Cleveland, Ohio 44135.

The purpose of the Annual Meeting is to consider and vote on the following matters:

1. Election of seven directors, each for a term of one year;

2. Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2010;

3. Proposal to approve an amendment to Stoneridge's Amended and Restated Long-Term Incentive Plan;

4. Proposal to approve an amendment to Stoneridge's Directors' Restricted Shares Plan; and

5. Any other matters properly brought before the meeting.

Only shareholders of record at the close of business on April 2, 2010, are entitled to notice of and to vote at the meeting or any adjournment thereof. Shareholders are urged to complete, sign and date the enclosed proxy and return it in the enclosed envelope or to vote by telephone or Internet.

By order of the Board of Directors,

ROBERT M. LOESCH,
Secretary

Dated: April 20, 2010

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2010:

This Proxy Statement and the Company's 2009 Annual Report to Shareholders are also available at www.edocumentview.com/sri.

YOUR VOTE IS IMPORTANT.
PLEASE SUBMIT YOUR PROXY BY COMPLETING AND MAILING THE ENCLOSED PROXY CARD OR PROVIDE YOUR VOTE BY TELEPHONE OR INTERNET.

STONERIDGE, INC.

PROXY STATEMENT

The Board of Directors of Stoneridge, Inc. (the "Company") is sending you this proxy statement to ask for your vote as a Stoneridge shareholder on certain matters to be voted on at the Annual Meeting of Shareholders to be held on Monday, May 17, 2010, at 11:00 a.m. Eastern Time, at the Sheraton Cleveland Airport Hotel, 5300 Riverside Drive, Cleveland, Ohio 44135. This proxy statement and the accompanying notice and proxy will be mailed to you on or about April 20, 2010.

Annual Report; Internet Availability

A copy of the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2009, is enclosed with this proxy statement. Additionally, this Proxy Statement and our Annual Report to Shareholders for the fiscal year ended December 31, 2009 are available at www.edocumentview.com/sri.

Solicitation of Proxies

The Board of Directors is making this solicitation of proxies and the Company will pay the cost of the solicitation. The Company has retained Georgeson Inc., at an estimated cost of $6,000, to assist in the solicitation of proxies from brokers, nominees, institutions and individuals. In addition to solicitation of proxies by mail by Georgeson Inc., the Company's employees may solicit proxies by telephone, facsimile or electronic mail.

Proxies; Revocation of Proxies

The common shares represented by your proxy will be voted in accordance with the instructions as indicated on your proxy. In the absence of any such instructions, they will be voted to elect the director nominees set forth under "Election of Directors," and FOR (i) the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for 2010, (ii) the approval of the amendment to Stoneridge's Amended and Restated Long-Term Incentive Plan, and (iii) the approval of the amendment to Stoneridge's Directors' Restricted Shares Plan. Your presence at the Annual Meeting of Shareholders, without more, will not revoke your proxy. However, you may revoke your proxy at any time before it has been exercised by signing and delivering a later-dated proxy or by giving notice to the Company in writing at the Company's address indicated on the attached Notice of Annual Meeting of Shareholders or in the open meeting. If you hold your Company common shares in "street name", in order to revoke your voting instructions you must follow the specific voting directions provided to you by your bank, broker or other intermediary to change or revoke any instructions you have already provided to your bank, broker or other intermediary.

Voting Eligibility

Only shareholders of record at the close of business on the record date, April 2, 2010, are entitled to receive notice of the Annual Meeting of Shareholders and to vote the common shares held on the record date at the meeting. On the record date, the Company's outstanding voting securities consisted of 25,474,940 common shares, without par value, each of which is entitled to one vote on each matter properly brought before the meeting.

Voting Procedures

If you are a record holder:

- You may vote by mail: complete and sign your proxy card and mail it in the enclosed, prepaid and addressed envelope.
- You may vote by telephone: call toll-free 1-800-652-VOTE (8683) on a touch-tone phone and follow the instructions. You will need your proxy card available if you vote by telephone.
- You may vote by Internet: access www.envisionreports.com/sri and follow the instructions. You will need your proxy card available if you vote by Internet.
- You may vote in person at the meeting, however, you are encouraged to vote by proxy card, telephone or Internet even if you plan to attend the meeting.

If you are a “street name” holder:

- You must vote your shares through the procedures established by your broker, bank, or other intermediary. Your broker, bank, or other intermediary has enclosed or otherwise provided a voting instruction card for you to use in directing the broker, bank, or other intermediary how to vote your common shares.
- You may vote at the meeting but in order to do so, you will first need to ask your bank, broker or other intermediary to furnish you with a legal proxy. You will need to bring the legal proxy with you to the meeting and hand it in with a signed ballot that you can request at the meeting. You will not be able to vote your common shares at the meeting without a legal proxy and signed ballot.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's common shares as of February 23, 2010, by: (a) the Company's directors and nominees for election as directors; (b) each other person who is known by the Company to own beneficially more than 5% of the Company's outstanding common shares; (c) the executive officers named in the Summary Compensation Table; and (d) the Company's executive officers and directors as a group.

| Name of Beneficial Owner | Number of Shares Beneficially Owned (1) | Percent of Class |
|---|---|---|
| C.M. Draime (2) | 5,650,000 | 21.8% |
| Jeffrey P. Draime (3) | 3,041,170 | 11.7 |
| Dimensional Fund Advisors LP (4) | 1,562,691 | 6.0 |
| FMR LLC (5) | 1,411,344 | 5.4 |
| John C. Corey (6) | 921,482 | 3.5 |
| George E. Strickler (7) | 252,801 | 1.0 |
| Thomas A. Beaver (8) | 193,925 | * |
| Mark J. Tervalon (9) | 176,777 | * |
| Vincent F. Suttmeier (10) | 82,774 | * |
| William M. Lasky (11) | 73,580 | * |
| Douglas C. Jacobs (12) | 47,840 | * |
| Kim Korth (13) | 25,740 | * |
| Ira C. Kaplan (14) | 12,092 | * |
| Paul J. Schlather (14) | 12,092 | * |
| All Executive Officers and Directors as a Group (11 persons) | 4,828,131 | 18.6% |

* Less than 1%.

(1) Unless otherwise indicated, the beneficial owner has sole voting and investment power over such shares.

(2) Represents 5,650,000 common shares held in trust for the benefit of the estate of the late D.M. Draime, of which Mrs. C. M. Draime is trustee. The address of C.M. Draime is C.M. Draime c/o Stoneridge, Inc., 9400 East Market Street, Warren, Ohio 44484.

(3) Represents 1,010,595 common shares held in trust for the benefit of Jeffrey P. Draime, of which Mr. Draime is trustee, 1,964,735 common shares held in trust for the benefit of Draime family members, of which Mr. Draime is trustee, 15,240 restricted common shares, which are subject to forfeiture, and 50,600 common shares owned by Mr. Draime directly. The address of Jeffrey P. Draime is Jeffrey P. Draime c/o Stoneridge, Inc., 9400 East Market Street, Warren, Ohio 44484.

(4) According to a Schedule 13G filed with the Securities and Exchange Commission ("SEC") by Dimensional Fund Advisors LP, all common shares are owned by advisory clients of Dimensional Fund Advisors LP. Dimensional Fund Advisors LP has disclaimed beneficial ownership of all such securities. The address of Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746.

(5)

According to a Schedule 13G filed with the SEC by FMR LLC, all common shares are owed by Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR LLC and an investment advisor. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the common shares owned by the funds. The funds have the sole power to vote or direct the voting of the shares owned by the funds. The address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.

(6) Represents 10,000 common shares that Mr. Corey has the right to acquire upon exercise of share options, 674,540 restricted common shares, which are subject to forfeiture, and 236,942 common shares owned by Mr. Corey directly.

(7) Represents 201,910 restricted common shares, which are subject to forfeiture, and 50,891 common shares owned by Mr. Strickler directly.

(8) Represents 20,000 common shares that Mr. Beaver has the right to acquire upon the exercise of share options, 104,825 restricted common shares, which are subject to forfeiture, and 69,100 common shares owned by Mr. Beaver directly.

(9) Represents 4,000 common shares that Mr. Tervalon has the right to acquire upon the exercise of share options, 129,360 restricted common shares, which are subject to forfeiture, and 43,417 common shares owned by Mr. Tervalon directly.

(10) Represents 8,500 common shares that Mr. Suttmeier has the right to acquire upon the exercise of share options, 55,470 restricted common shares, which are subject to forfeiture, and 18,804 common shares owned by Mr. Suttmeier directly.

(11) Represents 10,000 common shares that Mr. Lasky has the right to acquire upon the exercise of share options, 30,480 restricted common shares, which are subject to forfeiture, and 33,100 common shares owned by Mr. Lasky directly.

(12) Represents 15,240 restricted common shares, which are subject to forfeiture, and 32,600 common shares held in trust for which Mr. Jacobs has shared voting and investment power.

(13) Represents 15,240 restricted common shares, which are subject to forfeiture and 10,500 common shares owned by Ms. Korth directly.

(14) Represents 12,092 restricted common shares, which are subject to forfeiture.

## PROPOSAL ONE: ELECTION OF DIRECTORS

In accordance with the Company's Code of Regulations, the number of directors has been fixed at seven. At the Annual Meeting of Shareholders, you will elect seven directors to hold office until the Company's next Annual Meeting of Shareholders and until their successors are elected and qualified. The Board of Directors proposes that the nominees identified below, be elected to the Board of Directors. John C. Corey, the Company's President and Chief Executive Officer, has an employment agreement with the Company, which provides that, during the term of the agreement, Mr. Corey shall be entitled to be nominated for election to the Board of Directors. At the Annual Meeting of Shareholders, the common shares represented by proxies, unless otherwise specified, will be voted for the election of the seven nominees hereinafter named.

The director nominees are identified below. If for any reason any of the nominees is not a candidate when the election occurs (which is not expected), the Board of Directors expects that proxies will be voted for the election of a substitute nominee designated by the Board of Directors. The following information is furnished with respect to each person nominated for election as a director.

The Board of Directors recommends that you vote "FOR" the following nominees.

Nominees to Serve for a One-Year Term Expiring in 2011

John C. Corey

Mr. Corey, 62, was elected to the Board in 2004. Mr. Corey is the President and Chief Executive Officer of the Company and has served in this role since January 2006. Mr. Corey served as the President and Chief Executive Officer of Safety Components International, a supplier of air bags and components, from October 2000 until January 2006 and Chief Operating Officer from 1999 to 2000.

Mr. Corey has served as a director and Chairman of the Board of Haynes International, Inc., a producer of metal alloys, since 2004. Mr. Corey serves on the board of the Motor and Equipment Manufacturers Association, an organization that represents motor vehicle parts suppliers and as the Chairman of the Board of Directors for the Original Equipment Suppliers Association, an organization dedicated to supporting and promoting automotive suppliers.

In addition to his professional experience described above, the Company believes that Mr. Corey should serve as a director because he has implemented restructuring initiatives and executed performance and strategy development throughout his career. His industry and leadership experience from both an operational and financial perspective provides valuable insight to the Board and strengthens the Board's collective qualifications, skills and experience.

Jeffrey P. Draime

Mr. Draime, 43, was elected to the Board in 2005. Mr. Draime is the owner of Silent Productions, a concert promotions company, and the owner of QSL Columbus, QSL Dayton, a restaurant franchise.

Mr. Draime has served in various roles with the Company over an 18 year period including operations, sales, quality control, product costing, and marketing. The Company believes that Mr. Draime should serve as a director because he provides an historical as well as an internal perspective of our business to the Board and strengthens the Board's collective qualifications, skills and experience. Mr. Draime's father, D.M.

| | |
|---|---|
| | Draime, was the founder of Stoneridge and Mr. Draime remains a significant shareholder. |
| Douglas C. Jacobs | Mr. Jacobs, 70, was elected to the Board in 2004. He is the Executive Vice President-Finance and Chief Financial Officer of Brooklyn NY Holdings LLC, a privately held investment advisory company established to manage the assets of a family and family trust, including the Cleveland Browns football franchise. Prior to serving in this position, Mr. Jacobs held various financial positions with the Cleveland Browns from 1999 until 2005. Mr. Jacobs is a former partner of Arthur Andersen LLP.<br><br>Mr. Jacobs has served as a director of Standard Pacific Corporation, a national residential home builder in southern California, since 1998 and serves as Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee. |

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Mr. Jacobs qualifies as an audit committee financial expert due to his extensive background in accounting and finance built through his career in public accounting. In addition to his professional and accounting experience described above, the Company believes that Mr. Jacobs should serve as a director because he provides valuable business experience and judgment to the Board which strengthens the Board's collective qualifications, skills and experience.

Ira C. Kaplan

Mr. Kaplan, 56, was elected to the Board in 2009. He has served as the Managing Partner of Benesch, Friedlander, Coplan & Aronoff, LLP, a national law firm, since January 2008, is a member of the firm's Executive Committee and has been a partner with the firm since 1987. Mr. Kaplan focuses his practice on mergers and acquisitions as well as public and private debt and equity financings.

Mr. Kaplan has counseled clients in governance and business matters in his role at the law firm. In addition to his legal and management experience described above, the Company believes that Mr. Kaplan should serve as a director because he brings thoughtful analysis, sound judgment and insight to best practices to the Board, in addition to his professional experiences, which strengthens the Board's collective qualifications, skills and experience.

Kim Korth

Ms. Korth, 55, was elected to the Board in 2006. Ms. Korth is the founder, owner and President of IRN, Inc. an international automotive consulting firm. She has lead the consulting firm since 1983 and is viewed as an expert on automotive supplier strategy and issues.

Ms. Korth is a member of the boards of Shape Corporation, a manufacturer of automotive bumper and impact energy management systems, Burke E. Porter Machinery Company, a manufacturer of automotive test systems, Unwired Technology LLC, a manufacturer of wireless headphones, and the Original Equipment Suppliers Association, an organization dedicated to supporting and promoting automotive suppliers.

Ms. Korth has several decades of experience in corporate governance issues, organizational design, and development of strategies for growth and improved financial performance for automotive suppliers. In addition to the knowledge and experience described above, the Company believes that Ms. Korth should serve as a director because she provides insight to industry trends and expectations to the Board which strengthens the Board's collective qualifications, skills and experience.

William M. Lasky

Mr. Lasky, 62, was elected to the Board in 2004. Mr. Lasky has served as President and Chief Executive Officer of Accuride Corporation ("Accuride"), a manufacturer and supplier of commercial vehicle components, since 2008. He has served as the Chairman of the Board of Accuride since 2009. On October 8, 2009 Accuride filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. On February 26, 2010, after successfully completing its plan of reorganization, Accuride emerged from Chapter 11 bankruptcy. Mr. Lasky served as President and Chief Executive Officer of JLG Industries, Inc., a diversified construction and industrial equipment manufacturer, from 1999 through 2006 and served as Chairman of the Board from 2001 through 2006.

| | |
|---|---|
| | In addition to his professional experience described above, the Company believes that Mr. Lasky should serve as a director because he provides in-depth industry knowledge, business acumen and leadership to the Board which strengthens the Board's collective qualifications, skills and experience. |
| Paul J. Schlather | Mr. Schlather, 57, was elected to the Board in 2009. Mr. Schlather was a partner at PricewaterhouseCoopers LLP, serving as co-head to the Private Client Service group from August 2002 until his retirement in 2008. Mr. Schlather currently provides independent business consulting services.<br><br>Mr. Schlather qualifies as an audit committee financial expert due to his extensive background in accounting and finance built through his career in public accounting. In addition to his professional and accounting experience described above, the Company believes that Mr. Schlather should serve as a director because he provides financial analysis and business acumen to the Board which strengthens the Board's collective qualifications, skills and experience. |

PROPOSAL TWO: RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP

The Audit Committee of the Board of Directors currently anticipates appointing Ernst & Young LLP ("Ernst & Young") as our independent registered public accounting firm for the year ending December 31, 2010. For 2009 Ernst & Young was engaged by us to audit our annual financial statements and to perform audit-related and tax services. Representatives of Ernst & Young are expected to be present at the Annual Meeting of Shareholders, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

The Board of Directors seeks an indication from shareholders of their approval or disapproval of the Audit Committee's anticipated appointment of Ernst & Young as the Company's independent registered public accounting firm for the 2010 fiscal year. The submission of this matter for approval by shareholders is not legally required. The Board of Directors, however, believes that the submission is an opportunity for the shareholders to provide feedback to the Board of Directors on an important issue of corporate governance. If the shareholders do not approve the appointment of Ernst & Young, the appointment of the Company's independent registered public accounting firm will be re-evaluated by the Audit Committee but will not require the Audit Committee to appoint a different accounting firm. If the shareholders do approve the appointment of Ernst & Young, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and its shareholders. Approval of the proposal to ratify the selection of Ernst & Young as our independent registered public accounting firm requires the affirmative vote of a majority of the common shares present in person or by proxy and entitled to be voted on the proposal at the Annual Meeting of Shareholders. Abstentions will have the same effect as votes against the proposal. Broker non-votes will not be considered common shares present and entitled to vote on the proposal and will not have a positive or negative effect on the outcome of this proposal.

The Board of Directors recommends that you vote "FOR" Proposal Two.

Service Fees Paid to the Independent Registered Public Accounting Firm

The following table sets forth the aggregate fees billed by and paid to Ernst & Young by fee category for the fiscal years ended December 31, 2009 and 2008. The Audit Committee has considered the scope and fee arrangements for all services provided by Ernst & Young, taking into account whether the provision of non-audit-related services is compatible with maintaining Ernst & Young's independence.

| | | 2009 | | 2008 |
|---|---|---|---|---|
| Audit Fees | $ | 1,478,209 | $ | 1,686,034 |
| Tax Fees | | 501,029 | | 482,130 |
| All Other Fees | | 10,167 | | 20,427 |
| Total | $ | 1,990,005 | $ | 2,188,591 |

Audit Fees. Audit fees include fees associated with the annual audit of the Company's financial statements, the assessment of the Company's internal control over financial reporting as integrated with the annual audit of the Company's financial statements, the quarterly reviews of the financial statements included in the Company's Form 10-Q filings, statutory and regulatory audits and general assistance with the implementation of new regulatory pronouncements.

Tax Fees. Tax fees primarily relate to tax audits, tax compliance, and both domestic and international tax planning.

All Other Fees. All other fees relate to regulatory reviews.

Pre-Approval Policy

The Audit Committee's policy is to approve in advance all audit and permitted non-audit services to be performed for the Company by its independent registered public accounting firm. Pre-approval is generally provided for up to one year, is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee also pre-approves particular services on a case-by-case basis. In accordance with this policy, the Audit Committee has delegated pre-approval authority to the Chairman of the Audit Committee. The Chairman may pre-approve services and then inform the Audit Committee at the next scheduled meeting.

All services provided by Ernst & Young during fiscal 2009, as noted in the previous table, were authorized and approved by the Audit Committee in compliance with the pre-approval policies and procedures described previously. In connection with the audit of the 2009 financial statements, the Company entered into an engagement agreement with Ernst & Young which set forth the terms by which Ernst & Young will perform audit services for the Company. That agreement provides for alternate dispute resolution procedures and excludes punitive damages.

Audit Committee Report

In accordance with its written charter, the Audit Committee assists the Board of Directors in fulfilling its responsibility relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports and other financial information provided by the Company to any governmental body or to the public. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles. The Audit Committee is comprised of four directors, all of whom are “independent” for audit committee purposes under the current listing standards of the New York Stock Exchange (“NYSE”).

In discharging its oversight responsibility as to the audit process, the Audit Committee reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2009, with the Company’s management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements. The Audit Committee also discussed with the Company’s independent registered public accounting firm, Ernst & Young, the matters required to be discussed by Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and letter from Ernst & Young required by the applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young’s communication with the Audit Committee concerning independence. The Audit Committee discussed Ernst & Young’s independence with Ernst & Young. The Audit Committee also considered whether the provision of non-audit services by Ernst & Young is compatible with maintaining Ernst & Young’s independence. Management has the responsibility for the preparation of the Company’s financial statements and Ernst & Young has the responsibility for the examination of those statements.

The Audit Committee discussed with the Company’s internal auditor and Ernst & Young the overall scope and plans for their respective audits. The Audit Committee meets with the internal auditor and Ernst & Young, with and without management present, to discuss the results of their examinations, their evaluations of the Company’s internal controls, and the overall quality of the Company’s financial reporting.

Based on the above-referenced review and discussions with management, the internal auditor and Ernst & Young, the Audit Committee recommended to the Board of Directors that the Company’s audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2009, for filing with the SEC.

The Audit Committee

Douglas C. Jacobs, Chairman
Ira C. Kaplan
William M. Lasky
Paul J. Schlather

## PROPOSAL THREE: APPROVAL OF AN AMENDMENT TO THE STONERIDGE AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN

The Amended and Restated Long-Term Incentive Plan ("LTIP") was, upon the approval and recommendation of the Board of Directors, in accordance with applicable law and listing rules of the NYSE, approved by the Company's shareholders at the 2006 Annual Meeting of Shareholders. The Board of Directors approved the amendment to the LTIP to increase the number of shares available for issuance and other technical changes, as described below, on February 15, 2010.

The Company is seeking shareholder approval of the LTIP, as amended, because additional shares available for issuance under the LTIP will assist in achieving the Company's goal of promoting long-term growth and profitability by enabling the Company to attract, retain and reward key employees and, therefore, align the interests of those employees with those of the Company's shareholders. Without the additional shares for the LTIP, the Company would not have the ability to make equity-based awards to its key employees and would be greatly disadvantaged in attracting and retaining key employees. As described under the section heading "Executive Compensation," the Company has made annual grants of restricted common shares under the LTIP. The Company believes that the use of share-based benefits as part of the Company's compensation package is of great importance in promoting the Company's growth and continued success and is thus a substantial benefit to the Company's shareholders and the Company. The description of the LTIP, as amended, is subject to and qualified by Appendix A to this proxy statement, which contains a copy of the LTIP, as amended.

Currently, there are 1.5 million common shares reserved for issuance pursuant to grants or awards under the LTIP. At the end of 2009, grants for 881,700 common shares had been made under the LTIP. In February 2010, grants for 611,850 restricted common shares were made leaving 34,216 common shares available for issuance and grants under the LTIP.

### Description of Amendment

The amendment to the LTIP is for (i) an increase of 1.5 million in number of common shares available for issuance to bring the total common shares available for issuance to 3.0 million and (ii) the elimination of all references to "affiliates" and the deletion of the "Buyout Provisions" in connection with outstanding awards. The latter changes are intended to ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

### Summary of the LTIP

- The purpose of the LTIP is to promote the Company's long-term growth and profitability by enabling the Company to attract, retain and reward key employees and officers and to strengthen the common interests of such employees and the Company's shareholders by offering key employees and officers equity or equity-based incentives. Key employees and officers of the Company and its subsidiaries or affiliates will be eligible to participate in the LTIP. As of March 31, 2010, approximately 100 key employees and officers were eligible to participate in the LTIP.

- The compensation committee will administer the LTIP and determine who receives awards, the type and amount of awards, the consideration, if any, to be paid for awards, the timing of awards and the terms and conditions of awards. Under the LTIP, the compensation committee may delegate its responsibilities as to the selection of and grant of awards to employees who are not executive officers of the Company or, subject to Section 16 of the Securities Exchange Act of 1934, to the Company's management in a manner consistent with applicable law. The compensation committee will have the authority to adopt, alter and repeal such rules, guidelines and practices governing the LTIP as it considers advisable and to interpret the terms and provisions of the LTIP and any award issued under the LTIP.

- The compensation committee may grant stock options that (i) qualify as incentive stock options under Section 422A of the Code, (ii) do not qualify as incentive stock options, or (iii) both. To qualify as an incentive stock option, an option must meet certain requirements set forth in the Code. Options are evidenced by a stock option agreement in the form approved by the compensation committee.

- In addition, the compensation committee may make grants of restricted common shares, deferred shares, share purchase rights, share appreciation rights in tandem with stock options, other share-based awards or any combination thereof.

- The compensation committee may modify, suspend or terminate the LTIP as long as it does not impair the rights thereunder of any participant.

- Stock options will be exercisable and restricted share grants will vest at such time or times as the compensation committee determines at the time of grant. In general, restricted common shares are non-transferable prior to vesting. Additionally, if any stock option or restricted common share grant is exercisable or becomes vested only in installments or after specified exercise dates, the compensation committee may waive such exercise provisions and accelerate any exercise date based on such factors as the compensation committee shall determine in its sole discretion. No consideration will be received by the Company for the granting of stock options or restricted common shares.

- The exercise price of a stock option granted under the LTIP may not be less than 100% of the fair market value of the Company's common shares on the date the stock option is granted, except that with respect to an incentive stock option, the exercise price may not be less than 110% of the fair market value of the Company's common shares on the date of grant for participants who, on the date of grant, own more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiaries.

- The term of each stock option will be fixed by the compensation committee and may not exceed ten years from the date the stock option is granted, except that the term for incentive stock options may not exceed five years for participants who, on the date of grant, own more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiaries.

- No participant in the LTIP may be granted stock options, restricted share grants or other share awards in any calendar year for more than 400,000 common shares.

- In the event of any merger, reorganization, consolidation, recapitalization, share dividend, share split, combination of shares or other change in the Company's corporate structure affecting the shares, an adjustment or substitution may be made as approved by the compensation committee.

- The LTIP will not be qualified under Section 401(a) of the Code and will not be subject to the provisions of the Employee Retirement Income Security Act of 1974.

- The LTIP is intended to comply with Section 409A of the Code. If it is determined that any amount to be paid to a "specific employee" (as such term is defined in Section 409A of the Code) under the LTIP is considered "nonqualified deferred compensation" subject to Section 409A of the Code, then such payment if made upon "separation of service", as defined in Section 409A of the Code, shall be delayed for six months following the specified employee's separation of service.

- The Board of Directors may amend, alter or discontinue the LTIP as long as it does not impair the rights thereunder of any participant. The Board of Directors must submit to the Company's shareholders for approval any amendments to the LTIP which require shareholder approval under Section 16 of the Exchange Act or the rules and regulations thereunder, or Section 162(m) of the Code, or NYSE listing standards.

- In the event there is a change of control or potential change of control (as defined in the LTIP), then (i) any stock options awarded under the LTIP not previously exercisable and vested shall become fully exercisable and vested; (ii) any share appreciation rights shall become immediately exercisable; (iii) the restrictions applicable to any restricted common share awards, deferred shares, share purchase rights and other share-based awards shall lapse and such shares and awards shall be deemed fully vested; and (iv) the value of all outstanding awards, in each case to the extent vested, shall, unless otherwise determined by the compensation committee in its sole discretion at or after grant but prior to any change in control or potential change in control, be cashed out on the basis of the “Change in Control Price” (as defined in the LTIP) as of the date of such change in control or potential change in control.

Federal Tax Consequences

The following summary of the federal income tax consequences applicable to options awarded under the LTIP is only a general summary of the applicable provisions of the Code and regulations promulgated thereunder as in effect on the date of this proxy statement. The actual federal, state, local and foreign tax consequences to the participant may vary depending upon his or her particular circumstances.

Incentive Stock Options

An incentive stock option results in no taxable income to the participant or a deduction to the Company at the time it is granted or exercised. However, the excess of the fair market value of the shares acquired over the option price is an item of adjustment in computing the alternative minimum taxable income of the participant. If the participant holds the stock received as a result of an exercise of an incentive stock option for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the stock (generally the amount received in excess of the option price) is treated as a long-term capital gain. If the shares are disposed of during this period, however (i.e., a “disqualifying disposition”), then the participant will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares on the date of exercise of the option over the option price (or, if less, the excess of the amount realized upon disposition over the option price). The excess, if any, of the sale price over the fair market value on the date of exercise will be either a long-term or a short-term capital gain depending on whether the participant has held the stock for more than one year. In such case, the Company will be entitled to a deduction, in the year of such a disposition, for the amount includible in the participant’s income as compensation. The participant’s basis in the shares acquired upon exercise of an incentive stock option is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

If an incentive stock option is exercised by tendering previously owned shares, the following generally will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the participant’s basis and holding period (except for the disqualifying disposition period) for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. To the extent that the number of common shares received exceeds the number of common shares surrendered, no taxable income will be realized by the participant at that time; such excess common shares will be considered incentive stock option stock with a zero basis; and the holding period of the participant in such common shares will begin on the date such common shares are transferred to the participant. If the common shares surrendered were acquired as the result of the exercise of an incentive stock option and the surrender takes place within two years from the date the incentive stock option relating to the surrendered common shares was granted or within one year from the date of such exercise, the surrender will result in a disqualifying disposition and the participant will realize ordinary income at that time in the amount of the excess, if any, of the fair market value at the time of exercise of the common shares surrendered over the basis of such common shares. If any of the common shares received are disposed of in a disqualifying disposition, the participant will be treated as first disposing of the common shares with a zero basis.

Non-qualified Stock Options

Provided that the exercise price is not less than the market value of a share at grant, a non-qualified stock option results in no taxable income to the participant or deduction to the Company at the time it is granted. A participant exercising such an option will, at that time, realize taxable compensation in the amount of the difference between the option price and the then market value of the shares. Subject to the applicable provisions of the Code, the Company will be allowed a deduction for federal income tax purposes in the year of exercise in an amount equal to the taxable compensation recognized by the participant.

The participant’s basis in such shares is equal to the sum of the option price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a long-term or short-term gain (or loss), depending upon the holding period of the shares.

If a non-qualified option is exercised by tendering previously owned shares, the following generally will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the participant's basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The participant will have compensation income equal to the fair market value on the date of exercise of the number of new shares received in excess of such number of exchanged shares; the participant's basis in such excess shares will be equal to the amount of such compensation income; and the holding period in such shares will begin on the date of exercise.

Restricted Shares

A participant will not recognize any taxable income upon the grant of restricted shares unless the participant makes a voluntary election to recognize income at grant under Section 83(b) of the Code. Upon the expiration of a restriction period for restricted shares, whether such period lapses due to the satisfaction of certain preestablished performance criteria or due solely to the lapse of time, the participant will recognize compensation income and the Company will be entitled to a deduction equal to the value of the shares that the participant receives.

Code Section 162(m)

Under Section 162(m) of the Code, the Company's allowable federal income tax deduction for compensation paid to certain of the Company's executive officers is limited to $1.0 million per year per officer. "Performance-based compensation" is generally excluded from this deduction limit. The amount includible in income of a participant on exercise of a nonqualified stock option under the LTIP is intended to qualify as performance-based compensation under Section 162(m) and the regulations thereunder, which require the LTIP to have been approved by the shareholders.

Vote Required for Approval

The affirmative vote of a majority of the votes cast in person or by proxy by shareholders represented and entitled to vote at the Annual Meeting of Shareholders is required for approval of the LTIP. Broker non-votes will not be treated as votes cast and will not have a positive or negative effect on the outcome of the proposal. Abstentions will be treated as votes cast and, consequently, will have the same effect as votes against the proposal.

The Board of Directors recommends that you vote "FOR" Proposal Three.

## PROPOSAL FOUR: APPROVAL OF AN AMENDMENT TO THE STONERIDGE DIRECTORS' RESTRICTED SHARES PLAN

The Directors' Restricted Shares Plan ("Directors' Plan") was, upon the approval and recommendation of the Board of Directors, in accordance with the applicable law and the listing rules of the NYSE, approved by the Company's shareholders at the 2005 Annual Meeting of Shareholders. The Board of Directors approved the amendment to the Directors' plan to increase the number of shares available for issuance, as described below, on February 15, 2010.

The Company is seeking approval of the Directors' Plan, as amended, because the additional shares available for issuance under the Directors' Plan will assist in achieving the Company's goal of promoting growth and profitability. The description of the Directors' Plan, as amended, is subject to and qualified by Appendix B to this proxy statement, which contains a copy of the Directors' Plan, as amended.

Currently, there are 300,000 common shares reserved for issuance pursuant to grants or awards under the Directors' Plan. At the end of 2009, grants for 233,304 common shares had been made under the Directors' Plan. In February 2010, grants for 55,580 restricted common shares were made leaving 11,116 common shares available for issuance and grants under the Directors' Plan.

Description of the Amendment

The amendment to the Directors' Plan will increase the number of common shares reserved for issuance by 200,000 to 500,000.

Summary of the Directors' Plan

- The purpose of the Directors' Plan is to advance the interests of the Company and its shareholders by providing Eligible Directors (all non-employee directors) with an opportunity to participate in the Company's future prosperity and growth and an incentive to increase the value of the Company based on the Company's performance, development, and financial success.

•

The Directors' Plan will be administered by the Board of Directors. The Board will have the power and authority to approve the grant of common shares subject to forfeiture ("Restricted Shares") to Eligible Directors; approve the terms and conditions; adopt, alter, and repeal such administrative rules, guidelines, and practices governing the Directors' Plan as it shall, from time to time, deem advisable; interpret the terms and provisions of the Directors' Plan and any agreements related thereto; and take any other actions the Board considers appropriate.

- The maximum aggregate number of common shares that may be issued under the Directors’ Plan as Restricted Shares shall be 500,000. The Restricted Shares that may be issued under the Directors’ Plan may be authorized but unissued common shares or issued shares reacquired by the Company and held as Treasury Shares.

- The Restricted Shares granted under the Directors’ Plan will be authorized by the Board and will be evidenced by a written agreement in the form approved by the Board, which will be dated as of the date on which the Restricted Shares are granted, will be signed by an officer of the Company, will be signed by the participant, and will describe the terms and conditions to which the award of Restricted Shares is subject.

- The Directors’ Plan provides for the forfeiture of rights granted under the Directors’ Plan of unvested shares on death, disability, resignation, refusal to stand for reelection or failure to be elected, unless otherwise determined by the Board.

- The Board may modify, suspend or terminate the Directors’ Plan as long as it does not impair the rights thereunder of any participant.

If this proposal is approved, the total number of common shares authorized under the Directors’ Plan would represent approximately 1.9% of our outstanding common shares.

Vote Required for Approval

The affirmative vote of a majority of the votes cast in person or by proxy by shareholders represented and entitled to vote at the Annual Meeting of Shareholders is required for approval of the Directors’ Plan. Broker non-votes will not be treated as votes cast and will not have a positive or negative effect on the outcome of the proposal. Abstentions will be treated as votes cast and, consequently, will have the same effect as votes against the proposal.

The Board of Directors recommends that you vote “FOR” Proposal Four.

# CORPORATE GOVERNANCE

## Corporate Governance Documents and Committee Charters

The Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and the charters of the Board of Directors' Audit, Compensation, and Nominating and Corporate Governance committees are posted on our web site at www.stoneridge.com. Written copies of these documents will be available to any shareholder upon request. Requests should be directed to Investor Relations at the Company's address listed on the Notice of Annual Meeting of Shareholders.

## Corporate Ethics Hotline

The Company established a corporate ethics hotline as part of the Company's Whistleblower Policy and Procedures to allow persons to lodge complaints about accounting, auditing and internal control matters, and to allow an employee to lodge a concern, confidentially and anonymously, about any accounting and auditing matter. Information about lodging such complaints or making such concerns known is contained in the Company's Whistleblower Policy and Procedures, which is posted on our web site at www.stoneridge.com.

## Director Independence

The NYSE rules require listed companies to have a Board of Directors comprised of at least a majority of independent directors. Under the NYSE rules, a director qualifies as "independent" upon the affirmative determination by the Board of Directors that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board of Directors has determined that the following directors and nominees for election of director are independent:

| | |
|---|---|
| Jeffrey P. Draime | Kim Korth |
| Douglas C. Jacobs | William M. Lasky |
| Ira C. Kaplan | Paul J. Schlather |

The Board of Directors has not adopted categorical standards of independence. In making the independence determinations, the Board considered the prior relations of Mr. Kaplan and Mr. Schlather to Mr. Draime and that in his capacity as a shareholder in 2009, Mr. Draime recommended the nomination of Mr. Kaplan and Mr. Schlather. Mr. Kaplan's firm has from time to time represented Mr. Draime as his legal counsel. Mr. Schlather, while a partner at PricewaterhouseCoopers LLP, provided certain tax advice to Mr. Draime's family.

## The Board of Directors' Role in Risk Oversight

It is management's responsibility to manage risk and bring to the Board of Directors' attention the most material risks to the Company. The Board of Directors has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The Audit Committee regularly reviews enterprise-wide risk management, which includes treasury risks (commodity pricing, foreign exchange rates, credit and debt exposures), financial and accounting risks, legal and compliance risks, and other risk management functions. The Compensation Committee considers risks related to the attraction and retention of talent and related to the design of compensation programs and arrangements. The Compensation Committee and management do not believe that we maintain compensation policies or practices that are reasonably likely to have a material adverse effect on the Company. The full Board considers strategic risks and opportunities and regularly receives reports from management on risk and from the committees regarding risk oversight in their areas of responsibility.

The Board of Directors

In 2009, the Board of Directors held ten meetings and took action by unanimous written consent on two occasions. In 2009, each Board member attended at least 75% of the meetings of the Board of Directors and of the committees on which he or she serves. The Company's policy is that directors are to attend the Annual Meeting of Shareholders. Six of our current directors attended the 2009 Annual Meeting of Shareholders. Mr. Lasky has been appointed as the lead independent director by the independent directors to preside at the executive sessions of the independent directors. It is the Board of Directors' practice to have the independent directors meet regularly in executive session. Currently, all directors except Mr. Corey, the Company's President and Chief Executive Officer ("CEO"), are independent.

Leadership of the Board

The Board does not have a policy regarding the separation of the roles of CEO and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. At this time, the Board has determined that having an independent director serve as Chairman is in the best interest of the Company's shareholders. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures. Further, this structure permits the Company's President and CEO to spend more time and focus on the strategic direction and management of the Company's day-to-day operations.

Committees of the Board

The Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities. These committees are the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Each member of the Compensation, Audit, and Nominating and Corporate Governance Committees is independent as defined under the listing standards of the NYSE. The table below shows the composition of the Board's committees:

| Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|---|---|---|
| Douglas C. Jacobs * | Jeffrey P. Draime | Jeffrey P. Draime |
| Ira C. Kaplan | Douglas C. Jacobs | Ira C. Kaplan |
| William M. Lasky | Kim Korth * | Kim Korth |
| Paul J. Schlather | William M. Lasky | William M. Lasky * |

* Committee Chairperson

Audit Committee.

This committee held nine meetings during 2009. Information regarding the functions performed by the Audit Committee is set forth in the "Audit Committee Report," included in this proxy statement. The Board of Directors has determined that each Audit Committee member is financially literate under the current listing standards of the NYSE. The Board of Directors also determined that Mr. Jacobs and Mr. Schlather each qualify as an "audit committee financial expert" as defined by the SEC rules adopted pursuant to the Sarbanes-Oxley Act of 2002. In addition, under the Sarbanes-Oxley Act of 2002 and the NYSE rules mandated by the SEC, members of the audit committee must have no affiliation with the issuer, other than their Board seat, and receive no compensation in any capacity other than as a director or committee member. Each member of the Audit Committee meets this additional independence standard applicable to audit committee members of NYSE listed companies.

Compensation Committee.

This committee held eight meetings during 2009. The Compensation Committee is responsible for establishing and reviewing our compensation philosophy and programs with respect to our executive officers; approving executive officer compensation and benefits; recommending to the Board the approval, amendment and termination of incentive compensation and equity based plans; and certain other compensation matters, including director compensation. Recommendations regarding compensation of other officers are made to the Compensation Committee by our CEO. The Compensation Committee can exercise its discretion in modifying any amount presented by our

CEO.  The Compensation Committee regularly reviews tally sheets that detail the total compensation obligations to each of our executive officers.  During the first three quarters of 2009, the Compensation Committee retained Towers Perrin, an independent outside compensation consulting firm, to advise on all matters related to executive and director compensation.  During the fourth quarter of 2009, the Compensation Committee retained Total Rewards Strategies to provide compensation related consulting services.  Specifically, the compensation consultants provided relevant market data, current trends in executive and director compensation and advice on program design.  In accordance with its charter, the Compensation Committee may delegate power and authority as it deems appropriate for any purpose to a subcommittee of not fewer than two members.

Nominating and Corporate Governance Committee.

This committee held two meetings in 2009. The purpose of the Nominating and Corporate Governance Committee is to evaluate the qualifications of director nominees, to recommend candidates for election as directors, to make recommendations concerning the size and composition of the Board of Directors, to develop and implement the Company's corporate governance policies and to assess the effectiveness of the Board of Directors.

Nominations and Nomination Process

It is the policy of the Nominating and Corporate Governance Committee to consider individuals recommended by shareholders for membership on the Board of Directors. If a shareholder desires to recommend an individual for membership on the Board of Directors, then that shareholder must provide a written notice (the "Recommendation Notice") to the Secretary of the Company at Stoneridge, Inc., 9400 East Market Street, Warren, Ohio 44484, on or before January 15 for consideration by the committee for that year's election of directors at the Annual Meeting of Shareholders.

In order for a recommendation to be considered by the Nominating and Corporate Governance Committee, the Recommendation Notice must contain, at a minimum, the following:

- the name and address, as they appear on the Company's books, and telephone number of the shareholder making the recommendation, including information on the number of common shares owned and date(s) acquired, and if such person is not a shareholder of record or if such shares are owned by an entity, reasonable evidence of such person's ownership of such shares or such person's authority to act on behalf of such entity;
- the full legal name, address and telephone number of the individual being recommended, together with a reasonably detailed description of the background, experience and qualifications of that individual;
- a written acknowledgment by the individual being recommended that he or she has consented to the recommendation and consents to the Company undertaking an investigation into that individual's background, experience and qualifications in the event that the Nominating and Corporate Governance Committee desires to do so;
- any information not already provided about the person's background, experience and qualifications necessary for the Company to prepare the disclosure required to be included in the Company's proxy statement about the individual being recommended;
- the disclosure of any relationship of the individual being recommended with the Company or any of its subsidiaries or affiliates, whether direct or indirect; and
- the disclosure of any relation of the individual being recommended with the shareholder, whether direct or indirect, and, if known to the shareholder, any material interest of such shareholder or individual being recommended in any proposals or other business to be presented at the Company's Annual Meeting of Shareholders (or a statement to the effect that no material interest is known to such shareholder).

The Nominating and Corporate Governance Committee determines, and periodically reviews with the Board of Directors, the desired skills and characteristics for directors as well as the composition of the Board of Directors as a whole. This assessment considers the directors' qualifications and independence, as well as diversity, age, skill and experience in the context of the needs of the Board of Directors. At a minimum, directors should share the values of the Company and should possess the following characteristics: high personal and professional integrity; the ability to exercise sound business judgment; an inquiring mind; and the time available to devote to Board of Directors' activities and the willingness to do so. The Nominating and Corporate Governance Committee does not have a formal policy specifically focusing on the consideration of diversity; however, diversity is one of the many factors that the Nominating and Corporate Governance Committee considers when identifying candidates and making its recommendations to the Board. In addition to the foregoing considerations, generally with respect to nominees recommended by shareholders, the Nominating and Corporate Governance Committee will evaluate such recommended nominees considering the additional information regarding them contained in the Recommendation Notices. When seeking candidates for the Board of Directors, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management and third-party search firms. Ultimately, the Nominating and Corporate Governance Committee will recommend to the Board of Directors prospective nominees who the Nominating and Corporate Governance Committee believes will be effective, in conjunction with the other members of the Board of Directors, in collectively serving the long-term interests of the Company's shareholders.

The Nominating and Corporate Governance Committee recommended to the Board of Directors each of the nominees identified in "Election of Directors" starting on page 5.

Compensation Committee Interlocks and Insider Participation

None of the members of the Board's Compensation Committee have served as one of our officers at any time or as an employee during 2009. Additionally, no Compensation Committee interlocks existed during 2009.

Communications with the Board of Directors

The Board of Directors believes that it is important for interested parties to have a process to send communications to the Board of Directors. Accordingly, persons who wish to communicate with the Board of Directors may do so by sending a letter to the Secretary of the Company at Stoneridge, Inc., 9400 East Market Street, Warren, Ohio 44484. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Board Communication" or "Director Communication." All such letters must identify the author and clearly state whether the intended recipients are all members of the Board of Directors or certain specified individual directors (such as the presiding director or non-management directors as a group). The Secretary will make copies of all such letters and circulate them to the appropriate director or directors. The directors are not spokespeople for the Company and responses or replies to any communication should not be expected.

Transactions with Related Persons

There were no reportable transactions involving related persons in 2009.

Review and Approval of Transactions with Related Persons

The Board has adopted a written statement of policy with respect to related party transactions. Under the policy, a related party transaction is a transaction required to be disclosed pursuant to Item 404 of Regulation S-K or any other similar transaction involving the Company or the Company's subsidiaries and any Company employee, officer, director, 5% shareholder or an immediate family member of any of the foregoing if the dollar amount of the transaction or series of transactions exceeds $25,000. A related party transaction will not be prohibited merely because it is required to be disclosed or because it involves related parties. Pursuant to the policy, such transactions are presented to the Nominating and Corporate Governance Committee for evaluation and approval by the committee, or if the committee elects, by the full Board of Directors. If the transaction is determined to involve a related party, the Nominating and Corporate Governance Committee will either approve or disapprove the proposed transaction. Under the policy, in order to be approved, the proposed transaction must be on terms that are fair to the Company and are comparable to market rates, where applicable.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

### Compensation Philosophy and Objectives

Our Company's compensation programs for executive officers are designed to attract, retain, motivate and reward talented executives who will advance our strategic, operational and financial objectives and thereby enhance shareholder value. The primary objectives of our compensation programs for executive officers are to:

- attract and retain executive officers by providing a compensation package that is competitive with that offered by similarly situated companies;
- create a compensation structure under which a substantial portion of total compensation is based on achievement of performance goals; and
- align total compensation with the objectives and strategies of our business and shareholders.

We have established a fundamental commitment to formulate the components of our compensation program under a pay-for-performance ideology. To this end, a substantial portion of our executive officers' annual and long-term compensation is tied to quantifiable measures of the Company's financial performance and therefore may not be earned if targeted performance is not achieved.

We established the various components of our 2009 compensation payments and awards to meet our objectives as follows:

| Type of Compensation | Objective Addressed |
|---|---|
| Base Salary | Competitive compensation |
| Annual incentive plan awards | Competitive compensation and performance incentives |
| Long-term cash incentive plan awards | Competitive compensation, retention and performance incentives |
| Equity-based awards | Competitive compensation, retention and performance incentives |
| Benefits and perquisites | Competitive compensation |

### Mix of Compensation

Our executive compensation is based on our pay-for-performance philosophy, which emphasizes executive performance measures that correlate closely with the achievement of both shorter-term performance objectives and longer-term shareholder value. To this end, a substantial portion of our executive officers' annual and long-term compensation is at-risk. The portion of compensation at-risk increases with the executive officer's position level. This provides more upside potential and downside risk for more senior positions because these roles have greater influence on the performance of the Company as a whole.

### 2009 Total Target Compensation

Total target compensation is the value of the compensation package that is intended to be delivered if performance goals are met. Actual compensation will depend on the annual and long-term incentive compensation payout levels, if any, based upon the applicable performance achievement and, for long-term awards, the price of our common shares.

The following charts show the weighting of each element of total target compensation for the CEO and the other Named Executive Officers ("NEOs"). These charts represent our pay-for-performance philosophy, as annual and long-term incentive compensation comprises the majority of total target compensation.

Determination of Compensation

Based on the foregoing objectives, we have structured the Company's executive officers' compensation to provide adequate competitive compensation to attract and retain executive officers, to motivate them to achieve our strategic goals and to reward the executive officers for achieving such goals. The Compensation Committee (the "Committee") has retained the services of outside compensation consultants to assist the Committee to fulfill various aspects of its charter. During the first three quarters of 2009, the Committee retained Towers Perrin to assist the Committee with the following: keeping it appraised about relevant trends and technical developments during its meetings; providing consulting advice regarding long-term incentive arrangements; and providing market data for the CEO position and other executive officers. In the fourth quarter, the Committee retained Total Rewards Strategies to provide compensation consulting services. Additionally, recommendations and evaluations from the CEO are considered by the Committee when setting the compensation of the other executive officers. The annual evaluation of the CEO by the Board of Directors is considered by the Committee when establishing the compensation of the CEO.

Our executive officers receive two forms of annual cash compensation – base salary and annual incentive awards – which together constitute an executive officer's total annual cash compensation. Please note that "total annual cash compensation," as discussed in this Compensation Discussion and Analysis, differs from the "Total Compensation" column of the Summary Compensation Table on page 24, which includes long-term incentive, perquisites and other forms of compensation valued on a basis consistent with financial statement reporting requirements. The levels of base salary and annual incentive awards for our executive officers are established annually under a program intended to maintain parity with the competitive market for executive officers in comparable positions. Typically, our executive compensation levels are designed to be generally aligned with the 50th percentile of competitive market levels for each position.

A significant percentage of total compensation is allocated to incentives based on the philosophy mentioned above. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, the Committee reviews competitive market pay information provided by our compensation consultant and considers the Company's historical compensation practices in determining the appropriate level and mix of incentive compensation for each executive position.

Compensation Benchmarking and Peer Group

When reviewing competitive market levels, we considered compensation data based on general industry data derived from Towers Perrin's 2008 and Watson Wyatt's 2008/2009 executive compensation databases for base salary, annual incentive and long-term equity-based incentive compensation. Because of the variance in size among the companies included in the database, regression analysis was used to adjust the compensation data for differences in company revenues. The Committee used this adjusted value as the basis of comparison of compensation for our executive officers in setting 2009 compensation. The CEO and Chief Financial Officer ("CFO") compensation was also compared to data from a group of peer companies to determine the reasonableness and competitiveness of 2009 target compensation. The peer group is comprised of our direct competitors and a broader group of companies in the electronic and motor vehicle parts manufacturing industries that the Committee believes is representative of the labor market from which we recruit executive talent. Factors used to select the peer group of companies include industry segment, revenue, profitability, number of employees and market capitalization. The companies in the peer group that were used to determine 2009 executive compensation include:

| | | |
|---|---|---|
| Accuride | Gentek | Richardson Electronics |
| Aftermarket Technologies | Gentex | Shiloh Industries |
| AVX | Graco | Standard Motor Products |
| Commercial Vehicle Group | Methode Electronics | Superior Industries International |
| CTS | Myers Industries | Sypris Solutions |
| Drew Industries | Noble International | Technitrol |
| Esterline Technologies | Nu Horizons Electronics | Titan International |

In 2008, the median revenue for the peer group was $775 million while our revenue was $753 million.

Elements of Compensation

The principal elements of compensation of our executive officers for 2009 were the following:

- Base salary;
- Annual cash incentive awards;
- Long-term cash incentive awards;
- Long-term equity-based incentive awards; and
- Benefits and perquisites.

Although all executive officers are eligible to participate in the same compensation and benefit programs, Mr. Corey is the only executive officer whose pay is governed by an employment agreement. The terms of Mr. Corey's employment agreement are described under "Employment Agreements."

Base Salaries

We use base salary as the foundation of our compensation program for our executive officers. The annual cash incentive compensation awards and long-term incentive awards are based on a percentage of base compensation. The base salary is set at competitive market levels to attract and retain our executive officers. Base salary levels for our executive officers are set on the basis of the executive's responsibilities, the current general industry and competitive market data, as discussed above. In each case, due consideration is given to personal factors, such as the individual's experience, competencies, performance and contributions, and to external factors, such as salaries paid to similarly situated executive officers by like-sized companies. The Committee considers the evaluation and recommendation of the CEO in determining the base salary of the other executive officers. The Committee approves all executive officer base salaries for the next calendar year at its December meeting which become effective January 1. Executive officers base salaries remain fixed throughout the year unless a promotion or other change in responsibilities occurs. In accordance with his employment agreement, Mr. Corey's base salary shall not be less than $525,000. For 2009, as a result of the unprecedented economic conditions, the executive officers' base salaries were not adjusted and were maintained at 2008 levels. We determined that holding salaries flat was in the best interest of the Company and our shareholders. Additionally, several NEOs, specifically Messrs. Corey, Strickler, Tervalon and Beaver, participated in a voluntary salary reduction during 2009. These individuals worked without pay, thereby forfeiting a portion of their salary, to align with the other cost reductions undertaken by the Company during the course of the year. These cost reductions included, among many other initiatives, temporary salary reductions, furloughs and lay-offs for many of our employees. The "Salary" column of the Summary Compensation Table lists the NEO's base salary for 2009.

Annual Incentive Awards

Our executive officers participate in the Annual Incentive Plan ("AIP") which provides for annual cash payments based on the achievement of specific financial goals. We believe that a substantial portion of each executive's overall compensation should be tied to quantifiable measures of financial performance. Due to the market decline and economic downturn that began in late 2008 which necessitated the Company to modify its business plan, the Committee approved the Company's 2009 AIP targets and metrics in February 2009. The AIP targets are expressed as a percentage of the executive officer's base salary. Per our competitive compensation review, it was determined that our existing percentages fell within competitive market targets, therefore, no changes to the AIP percentages were implemented for 2009.

The 2009 AIP is comprised of consolidated financial performance metrics for all participants. The financial performance elements, weighting, target metrics and achievement are summarized as follows:

| | Weight | Target Metric | Achievement |
|---|---|---|---|
| Operating profit | 30% | $18.1 million | - |
| Return on invested capital | 20% | 6.15% | - |
| Free cash flow | 30% | $14.7 million | - |
| Diversified sales growth | 20% | $75.0 million | 200% |

The financial performance target metrics were based on the Company's 2009 business plan and were intended to be aggressive but achievable based on industry conditions known at the time they were established. Under the 2009 AIP, the minimum level for achievement for each metric was based on 80% of target while the maximum level was based on 130% of target. The following table indicates the 2009 AIP target and the achievement for the following NEOs:

| | Target (Percent of Base Salary) | Target | Achieved |
|---|---|---|---|
| John C. Corey | 80% | $512,000 | $204,800 |
| George E. Strickler | 55% | 181,913 | 72,765 |
| Mark J. Tervalon | 45% | 131,400 | 52,560 |
| Thomas A. Beaver | 45% | 123,525 | 49,410 |
| Vincent F. Suttmeier | 45% | 97,650 | 39,060 |

For each performance metric, specific levels of achievement for minimum, target and maximum were set as described above. At target, 100% payout is achieved for each element of the plan; at maximum, 200% payout is achieved; and at minimum, 50% payout is achieved. Below the minimum target, no incentive compensation is earned. The AIP prorates incentive compensation earned between the minimum and maximum levels. The payment of compensation under the 2009 plan was subject to our overall performance and is included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

Long-Term Incentive Awards

Under the LTIP, all executive officers may be granted share options, restricted shares and other equity-based awards. We believe that long term incentive awards are a valuable motivation and retention tool and provide a long-term performance incentive to management. The determination of the number of restricted shares awarded is calculated based on the fair value of the shares at the time of grant as a percentage of base salary. The percentages are typically representative of the competitive market data obtained during the annual compensation review process described above. The expected shares are subject to adjustment based on differences in the scope of the executive officer's responsibilities, performance and ability. In 2009, due to the depressed market price of our common shares at the time of our regular annual equity grants, we were unable to issue the full number of restricted shares per the calculation above from the pool of available common shares under the LTIP. To continue to offer competitive long-term incentives to our executives at full value, we adopted the Long-Term Cash Incentive Plan ("LTCIP"), which was approved by our shareholders at the 2009 Annual Meeting of Shareholders, to make up the difference between the competitive long-term incentive levels and that available for grant under the LTIP.

The Company views long-term equity-based incentives as an important tool for retaining executive talent. For 2009, we granted to our executive officers time-based restricted shares under the LTIP equal to the equivalent of 50% of the fair value calculation discussed above. If the executive officer remains an employee at the end of the three year vesting period, the time-based restricted common shares will vest and no longer be subject to forfeiture on that date. The grant date fair value of the time-based restricted common shares is included in the "Stock Awards" column of the Summary Compensation Table. The time-based restricted common shares awarded in 2009 are included in the "All Other Stock Awards" column of the Grants of Plan-Based Awards table.

The Company also views long-term performance-based incentives as key to linking our executive officers' overall compensation to shareholder return. For 2009, we granted performance-based awards under the LTCIP to our executive officers targeting the remaining 50% of the long-term incentive fair value calculation discussed above. The awards are subject to forfeiture based on our actual earnings per share ("EPS") performance over a three year period, when compared to minimum, target and maximum EPS amounts over the same period. For the 2009 grants, the performance period EPS was established from our budgeted EPS with a 10% annual growth factor for years two and three, resulting in a target EPS of $0.86. Minimum EPS was established at 50% of target and maximum EPS was established at 150% of target. This metric was intended to be aggressive but achievable based on industry conditions known at that time. Provided the executive officer remains employed, and depending on EPS performance, the amount of cash incentive award no longer subject to forfeiture prorates between minimum and maximum amounts. Actual EPS performance below the minimum level results in no payout. The performance–based cash incentives awarded in 2009 are included in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns of the Grants of Plan-Based Awards table.

The Committee's practice has been to approve the awards under the LTIP and LTCIP at the first regular meeting of the calendar year. Awards in 2009 were granted at the March 2009 meeting, the first regularly scheduled meeting. As a general practice, awards under the LTIP and LTCIP are approved once a year unless a situation arises whereby a compensation package is approved for a newly hired or promoted executive officer and equity-based compensation is a component.

Included in "Stock Awards" in the Summary Compensation Table for 2008 and 2007 are equity-based performance awards granted under the LTIP. The amounts disclosed represent the fair value computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 at the date of grant. When the awards were granted, the financial performance target levels were intended to be aggressive but achievable based on information known at the time. The subsequent economic and industry downturn has negatively affected the financial performance of the Company. This has resulted in no performance-based restricted common shares earned under the 2007 performance-based awards and it is unlikely that any of the 2008 performance-based restricted common share awards will be earned.

Perquisites

The Company provides executive officers with perquisites the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites provided to executive officers.

Perquisites that are provided to executive officers are different by individual and could include an auto allowance, fully paid premiums for healthcare coverage, and country club dues. The incremental costs of the perquisites listed above for the NEOs are included in the "All Other Compensation" column of the Summary Compensation Table.

Employment Agreements

In early 2006, the Company entered into a negotiated employment agreement with Mr. Corey that provided for a minimum base salary of $525,000, participation in the annual incentive plan at a minimum target of 70% of base salary; a monthly car allowance; reimbursement of country club dues and a one-time initiation fee; reimbursement of Mr. Corey's premium on his life insurance policy; participation in the Company's customary benefit plans and reimbursement of out-of-pocket healthcare expenses not to exceed $5,000 per covered family member on an annual basis. Mr. Corey was awarded 150,000 restricted common shares under the LTIP, which vested over three years and are no longer subject to risk of forfeiture.

In addition, if Mr. Corey is terminated by the Company without cause, the Company will be obligated to provide as severance the same compensation and benefits described below under “Potential Change in Control and Other Post-Employment Payments.”

The Company has not entered into employment agreements with any other NEO.

Severance Plan

The Company adopted the Officers’ and Key Employees’ Severance Plan (the “Severance Plan”) in October 2009. The NEOs covered under the Severance Plan include Messrs. Strickler, Tervalon, and Beaver. If a covered executive is terminated by the Company without cause, the Company will be obligated under the Severance Plan to pay the executive’s salary for 12 months (18 months in the case of the Chief Financial Officer, Mr. Strickler) and continue health and welfare benefits coverage over the same period of time. Mr. Corey’s severance protection is provided in his employment agreement as described below under “Potential Change in Control and Other Post-Employment Payments.”

Retention Agreements

In October 2009, the Company entered into letters of agreement to serve as retention awards with certain of the NEOs. These NEOs included Messrs. Corey, Strickler, Tervalon, and Beaver. Under the letters of agreement, should the NEO remain employed through October 5, 2010, he will receive a payment equal to $640,000 for Mr. Corey, $330,750 for Mr. Strickler, $146,000 for Mr. Tervalon, and $137,250 for Mr. Beaver.

Termination and Change in Control Payments

The Company has entered into change in control agreements with our NEOs and certain other senior management employees. These agreements are designed to promote stability and continuity of senior management, both of which are in the best interest of Stoneridge and our shareholders. Our termination and change in control provisions for the NEOs are summarized below under "Potential Change in Control and Other Post-Employment Payments."

Deferred Compensation

Executive officers, as well as other key employees, may elect to have all or a portion of their base salary, annual incentive and equity-based compensation deferred until a future date pursuant to the Stoneridge, Inc. Employees' Deferred Compensation Plan. This plan provides participants with a cost-effective tool to save for retirement or another specific financial need. Employees may elect to defer receipt of the compensation for three or five years from the last day of the calendar year in which it was deferred or until the date the employee separates from service. Amounts related to deferred cash compensation earn interest at a rate equal to the prime rate plus one percentage point, compounded quarterly. Distributions of deferred compensation may be made in a lump sum payment, five equal, annual installments or ten equal, annual installments. Due to minimal participation, in December 2009, the Company terminated the Employees' Deferred Compensation Plan.

Tax Deductibility of Compensation

Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation in excess of $1.0 million that is paid to a company's CEO and the other NEOs. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met.

The Committee believes that it is generally in the Company's best interest to attempt to structure performance-based compensation, including performance share award grants and annual incentive awards, to NEOs whose compensation may be subject to Section 162(m) in a manner that satisfies the statute's requirements. Currently, all annual compensation is designed to be deductible under Section 162(m); however, in the future, the Committee may determine that it is appropriate to pay compensation which is not deductible.

Accounting Treatment of Compensation

As one of many factors, the Committee considers the financial impact in determining the amount of and allocation of the different pay elements, including FASB ASC Topic 718 implications of the long-term incentives.

Compensation Committee Report

We have reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on that review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee

Kim Korth, Chairwoman
Jeffrey P. Draime
Douglas C. Jacobs
William M. Lasky

Summary Compensation Table

The following table provides information regarding the compensation of our Chief Executive Officer, our Chief Financial Officer, our three most highly compensated executive officers for 2009.

| Name and Principal Position | Year | Salary ($) | Stock Awards ($) (1) | Non-Equity Incentive Plan Compensation ($) (2) | All Other Compensation ($) (3) | Total ($) |
|---|---|---|---|---|---|---|
| John C. Corey | 2009 | $ 615,439 | $ 304,372 | $ 204,800 | $ 71,799 | $ 1,196,410 |
| President & Chief Executive Officer | 2008 | 640,000 | 1,310,709 | 480,768 | 85,679 | 2,517,156 |
| | 2007 | 610,000 | 1,260,744 | 537,532 | 86,467 | 2,494,743 |
| George E. Strickler | 2009 | 324,430 | 87,907 | | | |