TRIUMPH GROUP INC /
Form DEF 14A
June 25, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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

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

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	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:
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	(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:
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o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

Triumph Group, Inc.
1550 Liberty Ridge Drive
Suite 100
Wayne, Pennsylvania 19087
(610) 251-1000

Notice of Annual Meeting of Stockholders
To Be Held on July 25, 2007

To the holders of shares of common stock:

You are invited to be present either in person or by proxy at the annual meeting of stockholders of Triumph Group, Inc. to be held at our principal executive offices at 1550 Liberty Ridge Drive, Suite 100, Wayne, Pennsylvania 19087, on Wednesday, July 25, 2007, beginning at 9:00 a.m., local time, for the following purposes:

1. To elect all six directors for the coming year;

2. To approve material terms of executive officer performance goals under our incentive compensation programs;

3. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2008; and

4. To transact any other business as may properly come before the meeting or any postponements or adjournments.

Management currently knows of no other business to be presented at the meeting. If any other matters come before the meeting, the persons named in the enclosed proxy will vote with their judgment on those matters.

The Board of Directors has fixed the close of business on May 31, 2007, as the record date for determining stockholders entitled to notice of and to vote at the meeting and any adjournments. To make sure that your vote is counted, please complete, date and sign the enclosed proxy and return it promptly in the enclosed envelope, whether or not you plan to attend the meeting in person. A self-addressed, postage paid envelope is enclosed for your convenience. If you do attend the meeting, you may then withdraw your proxy and vote your shares in person. In any event, you may revoke your proxy prior to its exercise. Shares represented by proxies which are returned properly signed but unmarked will be voted in favor of proposals made by us.

By order of the Board of Directors,
/s/ John B. Wright, II
John B. Wright, II
Secretary

June 25, 2007
Wayne, Pennsylvania

Your vote is important

Please fill in, date and sign the accompanying proxy and return it promptly in the enclosed envelope, whether or not you plan to attend the meeting. No postage is necessary if the envelope is mailed in the United States.

Triumph Group, Inc.
1550 Liberty Ridge Drive
Suite 100
Wayne, Pennsylvania 19087
(610) 251-1000

Proxy Statement
For 2007 Annual Meeting of Stockholders
To be held on July 25, 2007

GENERAL INFORMATION

This proxy statement is sent by the Board of Directors of Triumph Group, Inc., to solicit proxies to be voted at our annual meeting of stockholders on Wednesday, July 25, 2007, to be held at 9:00 a.m., local time, at our offices at 1550 Liberty Ridge Drive, Suite 100, Wayne, Pennsylvania 19087 and at any adjournments, for the purposes stated in the accompanying notice of the meeting. This proxy statement, the notice and the enclosed proxy card will first be mailed to stockholders entitled to vote on or about June 25, 2007.

Sending a signed proxy will not affect your right to attend the meeting and vote in person because the proxy is revocable. You have the power to revoke your proxy by, among other methods, giving written notice to the Secretary of Triumph at any time before your proxy is exercised or by attending the meeting and voting in person.

When your proxy card is returned properly signed, your shares will be voted according to your instructions. The Board knows of no matters that are likely to be brought before the meeting other than the matters identified in the notice of the meeting. If any other matters properly come before the meeting, the persons named in the enclosed proxy, or their duly appointed substitutes acting at the meeting, will be authorized to vote or otherwise act according to their judgment in those matters. In the absence of contrary instructions, your shares included on the enclosed proxy will be voted:

- FOR the nominees for director stated thereon;
- FOR the approval of the material terms of the executive officer performance goals under our incentive compensation programs, as described herein; and
- FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2008.

We will pay for this proxy solicitation. Our officers and other regular employees may solicit proxies by mail, in person or by telephone or telecopy. These officers and other regular employees will not receive additional compensation. We are required to pay, upon request, the reasonable expenses incurred by record holders of common stock who are brokers, dealers, banks, voting trustees or other nominees for mailing proxy material and annual stockholder reports to any beneficial owners of common stock they hold of record.

VOTE REQUIRED FOR APPROVAL

Holders of record of our common stock as of the close of business on May 31, 2007, the record date, will be entitled to notice of and to vote at the meeting and at any adjournments. Holders of shares of common stock are entitled to vote on all matters brought before the meeting.

As of the record date, there were 16,638,688 shares of common stock outstanding and entitled to vote on the election of directors and all other matters. Holders of common stock will vote on all matters as a class. Each outstanding share of common stock entitles the holder to one vote. All votes will be counted by National City Bank as transfer agent.

The presence in person or by proxy of the holders of a majority of the outstanding common stock is necessary to constitute a quorum at the meeting.

Directors will be elected by a plurality of the votes cast by holders of common stock, voting together as a class, represented in person or by proxy at the meeting. Abstentions in the election of directors will be counted for the purpose of determining whether a quorum is present at the meeting but will not be considered as votes cast. Because directors are elected by a plurality of votes, abstentions will not have an impact on their election.

The holders of common stock are entitled to cumulate their votes in the election of directors, which means a holder of common stock may cast as many votes in the aggregate as the number of shares he or she is entitled to vote multiplied by the number of directors to be elected and to cast all votes for one director nominee or distribute these votes among two or more director nominees, as a holder sees fit. Each holder of common stock may indicate his or her preference on the enclosed proxy. If no preference is indicated, that holder s votes will be voted pro rata in favor of all nominees indicated. The holders of common stock may not vote for a greater number of persons than the number of nominees named.

Both approval of the executive officer performance goals under our incentive compensation programs and ratification of the audit committee s selection of our independent registered public accounting firm will require the favorable vote of holders of a majority of the shares of common stock voting together as a class, represented in person or by proxy at the meeting. We are not aware of any matter, other than as referred to in this proxy statement, to be presented at the meeting. Abstentions in the approval of the executive officer performance goals under our incentive compensation programs and ratification of the selection of our independent registered public accounting firm and of any other proposals will be counted for the purpose of determining whether a quorum is present at the meeting and as votes cast and will have the effect of a negative vote.

Broker non-votes for all proposals will not be counted in determining the presence of a quorum, will not be considered as votes cast, and will have no effect on the results of the votes.

PROPOSALS TO STOCKHOLDERS

Proposal No. 1 Election of Directors

The Board currently consists of seven directors: William O. Albertini, John R. Bartholdson, Richard C. Gozon, Richard C. Ill, Claude F. Kronk, George Simpson and Terry D. Stinson. On April 27, 2007, the Board decreased the size of the Board from seven directors to six directors effective immediately prior to the commencement of the annual meeting. At the meeting, the stockholders will elect six directors for a term ending at the next annual meeting of stockholders and until that director s successor is duly elected and qualified. Mr. Bartholdson, who retired from his position as Senior Vice President, Chief Financial Officer and Treasurer on April 30, 2007, is not standing for reelection as a director at the meeting.

The table below lists the name of each person nominated by the Board to serve as a director for the coming year. All of the nominees are currently members of our Board with terms expiring at the meeting. Each nominee has consented to be named as a nominee and, to our knowledge, is willing to serve as a director, if elected. Should any of the nominees not remain a nominee at the end of the meeting (a situation which is not anticipated), solicited proxies will be voted in favor of those who remain as nominees and may be voted for substitute nominees. Unless contrary instructions are given on the proxy, the shares represented by a properly executed proxy will be voted pro rata FOR the election of William O. Albertini, Richard C. Gozon, Richard C. Ill, Claude F. Kronk, George Simpson and Terry D. Stinson.

Nominees	Age	Year First Elected a Director
Richard C. Ill	64	1993
Richard C. Gozon	68	1993
Claude F. Kronk	75	1993
William O. Albertini	63	1999
George Simpson	64	2002
Terry D. Stinson	65	2004

The principal occupations and qualifications of each nominee for director are as follows:

Richard C. Ill has been President and Chief Executive Officer and a Director of Triumph since 1993. Mr. Ill is a Director of P.H. Glatfelter Company, Airgas, Inc. and Baker Industries and a member of the Advisory Board of Outward Bound, USA.

Richard C. Gozon has been a Director of Triumph since 1993. Prior to his retirement in 2002, Mr. Gozon served as Executive Vice President of Weyerhaeuser Company, a position which he held for more than five years. Weyerhaeuser Company is an international forest products company. Mr. Gozon serves on the Board of Directors of UGI Corporation, AmerisourceBergen Corporation and AmeriGas Partners, L.P.

Claude F. Kronk has been a Director of Triumph since 1993. Prior to his retirement in 1998, Mr. Kronk served as Vice Chairman and Chief Executive Officer of J&L Specialty Steel, Inc., which is primarily a manufacturer of flat rolled stainless steel in the United States.

William O. Albertini has been a Director of Triumph since May 1999. Mr. Albertini was Executive Vice President and Chief Financial Officer of Bell Atlantic Corp. from 1991 through 1997. In 1997, Mr. Albertini became Executive Vice President and Chief Financial Officer of Bell Atlantic Global Wireless, a wireless communication company, and remained in that position until his retirement in 1999. Mr. Albertini serves on the Board of Directors of Airgas, Inc., BlackRock Inc. and Charming Shoppes, Inc.

George Simpson has been a Director of Triumph since 2002. Prior to his retirement in 2001, Mr. Simpson served as Chief Executive Officer of Marconi Corporation plc, formerly GEC plc, a position which he held since September 1996. Marconi Corporation plc was a communications and information technology company.

Terry D. Stinson has been a Director of Triumph since 2004. Since 2006, Mr. Stinson has been the President-Commercial Operations of the Thomas Group, an operational consulting firm. Mr. Stinson was Chairman and Chief Executive Officer of Xelus, Inc., from 2002 through 2005. Mr. Stinson was Chairman and Chief Executive Officer of Bell Helicopter Textron from 1997 through 2002. Mr. Stinson serves on the Board of Directors of Lennox International Inc.

The Board recommends that stockholders vote FOR each of the nominees. The six nominees receiving the highest number of affirmative votes will be elected as directors.

Proposal No. 2 Approval of Material Terms of Executive Officer Performance Goals Under Our Incentive Compensation Programs

Introduction

Section 162(m) of the United States Internal Revenue Code does not allow a publicly-held corporation to obtain tax deductions for compensation of more than $1 million paid in any year to each of its principal executive officer and any of its three most highly paid executive officers (not including the principal financial officer) unless such payments are performance-based as defined under Section 162(m). One of the requirements for compensation to be performance-based under those laws is that we must obtain stockholder approval every five years of the material terms of performance goals for such compensation.

Incentive compensation awards to executive officers under our annual cash bonus plan and certain awards under the 2004 Stock Incentive Plan constitute performance-based compensation. We are requesting stockholder approval of the material terms of performance goals for these awards to be awarded to our executive officers during the next five years. The discussion below summarizes the key terms of our annual bonus program. If approved by the stockholders, this framework of the material terms of performance goals would enable us to receive tax deductions for annual bonuses awarded to executive officers until the 2012 annual meeting. We intend in the future to fully comply with the requirements for full deductibility. However, the compensation and management development committee reserves the right to authorize compensation that may not be fully deductible if it determines that it is in the best interest of us to do so.

The following are the material terms of performance goals that stockholders must approve if we are able to obtain tax deductions for the specific forms of performance-based compensation for executive officers whose total annual compensation exceeds $1 million, including: (i) the group of employees whose compensation would be subject to the performance goals; (ii) the business measurements on which each of the performance goals is based; and (iii) the maximum amounts payable to any executive officer under each performance goal.

Administration

The Triumph annual cash bonus plan and the 2004 Stock Incentive Plan are administered by the compensation and management development committee of our Board of Directors. All of the members the compensation and management development committee satisfy the independence requirements of the listing standards of the New York Stock Exchange and our Independence Standards and meet the definitions of non-employee director under Rule 16b-3 of the Securities Exchange Act of 1934 and outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The compensation and management development committee has the right to terminate or amend the annual cash bonus plan, without stockholder approval, at any time and for any reason. The compensation and management development committee may amend, alter, suspend or terminate the 2004 Stock Incentive Plan, or any part thereof, at any time and for any reason, but Triumph will obtain

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stockholder approval for any amendment to the 2004 Stock Incentive Plan to the extent such approval is required by applicable laws or stock exchange rules. No such action by the compensation and management development committee or stockholders may alter or impair any award previously granted under the 2004 Stock Incentive Plan without the written consent of the participant. We also may adopt other bonus or incentive plans.

The employees whose compensation under the annual cash bonus program and the 2004 Stock Incentive Plan would be subject to the performance goals would be all of our executive officers. Employees eligible to participate in these incentive compensation programs include the Chief Executive Officer, our other executive officers, and other key officers of Triumph, which currently consists of approximately 40 individuals. Our directors who are not also salaried employees of us are not eligible to participate in the annual bonus program.

Incentive Awards

The compensation and management development committee will determine the terms of each incentive award made to executive officers under the plans. The committee will set a range of corporate performance goals for specified performance periods within the deadlines required by the regulations under Section 162(m). Performance is measured over our fiscal year which ends March 31. The payment, if any, due an executive officer pursuant to the annual cash bonus program and the 2004 Stock Incentive Plan will depend on the extent to which we have achieved the corporate performance goals determined by the committee. The payment may be in cash or in shares of our common stock. No payment under the annual cash bonus plan to any one executive officer in any fiscal year shall exceed $3.0 million. Similarly, the 2004 Stock Incentive Plan, which was previously approved by our stockholders, provides that no employee may be granted awards representing more than 75,000 shares in any calendar year, except that an employee may be granted awards covering up to an additional 50,000 shares in connection with his or her initial employment with Triumph.

Performance Goals

The compensation and management development committee utilizes objective criteria to establish corporate performance goals for purposes of establishing awards under the plan. Incentive plan awards may be based on any combination of earnings per share on a fully diluted basis, operating income, earnings before interest, taxes, depreciation and amortization (EBITDA), return on net assets, working capital, sales growth and/or internal rate of return on capital expenditures, but the compensation and management development committee intends to use earnings per share on a fully diluted basis as the principal performance goal. The compensation and management development committee believes that earnings per share is a fair measure of performance that also focuses our executives on the measure of perhaps greatest significance to our stockholders, thus aligning our executives interests with those of our stockholders.

Actual performance goals may reflect absolute corporate or division or subsidiary performance or a relative comparison of our performance to the performance of peer group companies or other external measure of the selected performance goals. A performance goal may include or exclude items that measure specific objectives, such as the cumulative effect of changes in generally accepted accounting principles, losses resulting from discontinued operations, securities gains and losses, restructuring, merger-related and other nonrecurring costs, amortization of goodwill and other intangible assets, extraordinary gains or losses and any unusual, nonrecurring gain or loss that is separately quantified in our financial statements. Performance goals expressed on a per-share basis shall, in case of a recapitalization, stock dividend, stock split or reverse stock split affecting the number of outstanding shares, be mathematically adjusted by the compensation and management development committee so that the change in outstanding shares does not cause a substantive change in the applicable performance goal. The compensation and management development committee may adjust performance goals for any other objective events or occurrences which occur during a performance period, including, but not limited to, changes in applicable tax laws or accounting principles.

Conclusion

In summary, if the stockholders approve this proposal, the material terms of the performance goals described above will constitute the framework within which the compensation and management development committee will set specific performance goals for awards under the annual cash bonus program described above and certain awards under the 2004 Stock Incentive Plan to be awarded to our executive officers between the dates of the 2007 and 2012 annual meetings, and therefore preserve our ability to obtain tax deductions for such compensation.

The board recommends that stockholders vote FOR the approval of the material terms of the executive officer performance goals described above.

Proposal No. 3 Ratification of Selection of Registered Public Accounting Firm

The audit committee has selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2008 and the stockholders are asked to ratify this selection. Ernst & Young LLP has served as our independent registered public accounting firm since 1993. All audit and non-audit services provided by Ernst & Young LLP are approved by the audit committee. Ernst & Young LLP has advised us that it has no direct or material indirect interest in us or our affiliates. Representatives of Ernst & Young LLP are expected to attend the meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. The favorable vote of a majority of shares of common stock entitled to vote at the meeting, voting together as a class, is required to approve the ratification of the selection of independent registered public accounting firm.

Fees to Independent Registered Public Accounting Firm for Fiscal Years 2007 and 2006

Audit Fees

Ernst & Young LLP s fees associated with the annual audit of financial statements, the audit of internal control of financial reporting, the reviews of Triumph s quarterly reports on Form 10-Q, assistance with and review of documents filed with the SEC, issuance of comfort letters and consents, and accounting consultations for the fiscal years ended March 31, 2007 and March 31, 2006 were $2,066,400 and $2,316,415, respectively.

Audit-Related Fees

Ernst & Young LLP s fees for the fiscal years ended March 31, 2007 and March 31, 2006 for assurance and related services that were reasonably related to the performance of the audits of our financial statements were $60,768 and $150,060, respectively. These services consisted primarily of employee benefit plan audits, statutory audits, and financial due diligence in connection with certain acquisitions.

Tax Fees

Ernst & Young LLP s fees for the fiscal years ended March 31, 2007 and March 31, 2006 for tax compliance, tax advice and tax planning were $76,750 and $63,933, respectively.

All Other Fees

Ernst & Young LLP did not perform any professional services other than those described above in the fiscal years ended March 31, 2007 and March 31, 2006.

Audit Committee Pre-Approval Policy

The audit committee pre-approved the engagement of Ernst & Young LLP to render all of the audit and the permitted non-audit services described above. Our audit committee has determined that Ernst & Young LLP s rendering of all other non-audit services is compatible with maintaining auditor independence. The audit committee has delegated to its chair the right to pre-approve all audit services, between regularly scheduled meetings, subject to presentation to the full audit committee at its next meeting.

The Board recommends that stockholders vote FOR the ratification of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending March 31, 2008.

OTHER MATTERS

The Board knows of no matter, other than as referred to in this proxy statement, that will be presented at the meeting. However, if other matters properly come before the meeting, or any of its adjournments, the person or persons voting the proxies will vote them with their judgment in those matters.

GOVERNANCE OF TRIUMPH

Pursuant to the Delaware General Corporation Law and our By-Laws, our business is managed under the direction of our Board of Directors. Members of the Board are kept informed of our business through discussions with our President and Chief Executive Officer and other officers, through a yearly meeting with senior management from our operating locations, by reviewing materials provided to them and by participating in meetings of the Board and its committees. In addition, to promote open discussion among our non-management directors, those directors meet in regularly scheduled executive sessions without management participation. These sessions are presided over by our lead director, who is one of our independent directors.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines which are posted on our website at www.triumphgroup.com and are available in print to any stockholder upon request.

Code of Business Conduct

Our Board adopted a Code of Business Conduct in February 2004, which applies to each of our employees, officers and directors, including, but not limited to, our Chief Executive Officer, Chief Financial Officer and Controller (principal accounting officer). The Code of Business Conduct is reviewed at least annually by the Board s nominating and corporate governance committee. A copy of the Code of Business Conduct is posted on our website at www.triumphgroup.com and is available in print to any stockholder upon request.

Board of Directors

The Board currently consists of seven directors: William O. Albertini, John R. Bartholdson, Richard C. Gozon, Richard C. Ill, Claude F. Kronk, George Simpson and Terry D. Stinson, each of whom has been nominated by the Board for election as a director for the coming year except for Mr. Bartholdson. Mr. Bartholdson retired from his position as our Senior Vice President, Chief Financial Officer and Treasurer on April 30, 2007 and is not standing for reelection as director.

Director Independence

The Board has determined that Messrs. Albertini, Gozon, Kronk, Simpson and Stinson are all independent as independence is defined in the listing standards of the New York Stock Exchange and in our Independence Standards for Directors, which are included as Appendix A to this proxy statement and are posted on our website at www.triumphgroup.com.

Meetings and Committees of the Board

The Board held eight meetings during our fiscal year ended March 31, 2007 and also acted by unanimous consent in writing. Each of our directors attended at least 75% of the aggregate of all meetings of the Board during the fiscal year ended March 31, 2007. In addition, each of our directors attended at least 75% of the aggregate of all meetings of all committees of the Board of which he was a member held during the fiscal year ended March 31, 2007. We encourage all of our directors to attend our annual meeting of stockholders. For our 2007 annual meeting of stockholders, we expect all of our directors standing for reelection to attend, except for Mr. Stinson. Last year, all of the directors attended the annual meeting of stockholders, except for Mr. Kronk.

The standing committees of the Board are the audit committee, the compensation and management development committee, the nominating and corporate governance committee and the finance committee. We do not have an executive committee. All members of the audit committee, the compensation and management development committee and the nominating and corporate governance committee are independent, as independence for such committee members is defined in the listing standards of the New York Stock Exchange and in our Independence Standards for Directors, which are included as Appendix A to this proxy statement and are posted on our website at www.triumphgroup.com. Richard C. Gozon, who is our lead director, presides over executive sessions of non-management directors.

Our Board has adopted a charter for each of the standing committees, which is reviewed at least annually by the relevant committee. A copy of the charter of each standing Board committee is posted on our website at www.triumphgroup.com and is available in print to any stockholder upon request.

Audit Committee

The audit committee, consisting of Messrs. Albertini (Chair), Gozon, Simpson and Stinson, met ten times during the last fiscal year. The audit committee assists the Board in its oversight of the integrity of our financial statements, the operations and effectiveness of our internal controls, our compliance with legal and regulatory requirements, the independent registered public accounting firm s qualifications and independence, and the performance of our internal audit function and the independent registered public accounting firm.

Compensation and Management Development Committee

The compensation and management development committee, consisting of Messrs. Gozon (Chair), Kronk and Simpson, met three times during the last fiscal year. The compensation and management development committee periodically reviews and evaluates the compensation of our officers and senior management, administers our 1996 Stock Option Plan and the 2004 Stock Incentive Plan, establishes guidelines for compensation of other personnel and oversees our management development and succession plans.

The compensation and management development committee determines the compensation of the chief executive officer. The compensation and management development committee also reviews and approves the compensation proposed by the chief executive officer to be awarded to Triumph s other executive officers, Triumph s two group presidents, and the presidents and certain key senior officers of each of Triumph s operating companies and divisions. The chief executive officer generally attends compensation and management development committee meetings, but does not attend executive sessions or any discussion of his own compensation. The compensation and management development committee may form subcommittees and delegate authority to them, as it deems appropriate, provided that such subcommittees are composed entirely of independent directors.

Neither Triumph nor the compensation and management development committee has any contractual arrangement with any compensation consultant who has a role in determining or recommending the amount or form of senior executive or director compensation. Periodically, however, the committee has engaged a compensation consultant, whose selection and fees or charges are recommended and approved by the compensation and management development committee, to assist the compensation and management development committee and the chief executive officer in assessing and modifying elements of our management compensation programs. In such instances, the compensation and management development committee receives comprehensive data and analyses comparing Triumph s compensation program against industry and peer group norms. We last engaged a compensation consultant to review the cash compensation levels of our executive officers in the summer of 2005.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended March 31, 2007, the compensation and management development committee of the Board was composed of Richard C. Gozon, Claude F. Kronk and George Simpson. None of the members of the compensation and management development committee are officers or employees of us or any of our subsidiaries nor have any of them ever been officers or employees of us or any of our subsidiaries during the fiscal year ended March 31, 2007.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee, consisting of Messrs. Albertini, Kronk (Chair) and Simpson, met four times during the last fiscal year. The nominating and corporate governance committee assists the Board in identifying individuals qualified to become Board members, recommending the nominees for directors, developing and recommending our corporate governance guidelines and overseeing the evaluation of the Board and management.

Finance Committee

The finance committee, consisting of Messrs. Albertini, Bartholdson (Chair), Gozon and Ill, met one time during the last fiscal year. The finance committee reviews our capital structure and policies, financial forecasts, operations and capital budgets, pension fund investments and employee savings plans and corporate insurance coverage as well as other financial matters deemed appropriate by the Board.

Director Nominations

As previously discussed, the nominating and corporate governance committee assists the Board in identifying individuals qualified to become Board members and recommends the director nominees for the next annual meeting of stockholders. The nominating and corporate governance committee will consider nominees for director recommended by stockholders in accordance with the following procedures. As a stockholder, you may recommend any person as a nominee for director for consideration by our nominating and corporate governance committee by submitting name(s) and respective supporting information for each named person in writing to the Nominating and Corporate Governance Committee of the Board of Directors, Triumph Group, Inc., 1550 Liberty Ridge Drive, Suite 100, Wayne, Pennsylvania 19087. Recommendations should be received by February 26, 2008 for the 2008 Annual Meeting and should be accompanied by:

- the name, residence and business address of the nominating stockholder;
- a representation that the stockholder is a record holder of our stock or holds our stock through a broker, and the number of shares held;
- information regarding each nominee which would be required to be included in a proxy statement;
- a description of any arrangements or understandings between and among the stockholder and each nominee; and
- the written consent of each nominee to serve as a director, if elected.

As set forth in our Corporate Governance Guidelines and the nominating and corporate governance committee charter, the nominating and corporate governance committee has not established any specific minimum eligibility requirements for nominees, other than personal and professional integrity, dedication, commitment and, with respect to a majority of the Board, independence or identified any specific qualities or skills necessary for directors to possess. However, when assessing a candidate s qualifications, the committee considers the candidate s experience, diversity, expertise, education, insight, judgment, skills, character, conflicts of interest and background. The committee does not have any specific process for identifying and evaluating nominees. The committee considers candidates proposed by directors, executive officers and stockholders, as well as those identified by third party search firms.

Communications with Directors

Our Board of Directors provides a process for stockholders and interested parties to send communications to the Board. Stockholders and interested parties may communicate with any of our directors, any committee chair, the non-management directors as a group or the entire Board of Directors by writing to the director, committee chair, non-management directors or the Board in care of Triumph Group, Inc., Attention: Secretary, 1550 Liberty Ridge Drive, Suite 100, Wayne, Pennsylvania 19087. Communications received by the Secretary for any director or group of directors are forwarded directly to the director or group of directors. If the communication is addressed to the Board and no particular director is named, the communication will be forwarded, depending on the subject matter, to the appropriate committee chair, all non-management directors or all directors.

Compensation of Directors

Directors who are also employees do not receive additional compensation for serving as directors. Under our current non-employee director compensation policy, each director who is not our employee receives an annual retainer fee of $30,000. In addition, the chair of the audit committee receives an annual retainer fee of $4,000, each of the chairs of the compensation and management development committee and the nominating and corporate governance committee receives an annual retainer fee of $2,000 and the lead director receives an annual retainer fee of $2,000. Non-employee directors also receive meeting fees of $1,500 for in-person board meetings, $1,000 for in-person committee meetings and $500 for telephonic meetings. Non-employee directors also annually receive an equity-based grant with a grant date value of approximately $40,000. Under the Amended and Restated Directors Stock Incentive Plan, non-employee directors can be granted options to purchase shares of our common stock, common stock awards and/or deferred stock units. All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board or its committees.

Summary Director Compensation Table

The following table summarizes compensation we paid to non-employee directors for their service during fiscal 2007.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Total ($)
Richard C. Gozon	44,000	7,815	11,467	63,282
Claude F. Kronk	36,500	7,815	11,467	55,782
William O. Albertini	44,000	7,815	11,467	63,282
George Simpson	39,000	7,815	11,467	58,282
Terry D. Stinson	38,000	7,815	19,433	65,248

(1) The amounts listed above reflect the dollar value recognized, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), Share-Based Payment, (SFAS 123R), for financial statement reporting purposes during fiscal 2007 for all existing awards of deferred stock units. Assumptions used in the calculation of these amounts are included in footnote 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year

ended March 31, 2007. In fiscal 2007, each non-employee director received a grant of 1,000 deferred stock units, which had a grant date fair value of $46,890. At March 31, 2007, the aggregate number of outstanding deferred stock units held by each non-employee Director was: Mr. Gozon 1,000; Mr. Kronk 1,000; Mr. Albertini 1,000; Mr. Simpson 1,000; and Mr. Stinson 1,000.

(2) The amounts listed above reflect the dollar value recognized, in accordance with SFAS 123R, for financial statement reporting purposes during fiscal 2007 for all existing stock option awards. Assumptions used in the calculation of these amounts are included in footnote 11 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007. At March 31, 2007, the aggregate number of outstanding stock options held by each non-employee Director was: Mr. Gozon 7,500; Mr. Kronk 7,500; Mr. Albertini 8,000; Mr. Simpson 5,000; and Mr. Stinson 4,000.

Report of Audit Committee

The audit committee of the Board of Directors is composed of four independent directors and operates under a written charter adopted by the Board and reviewed annually by the committee and the Board. The members of the audit committee are not professionally engaged in the practice of auditing or accounting nor are they experts in the fields of auditing or accounting, including in respect of auditor independence. However, all committee members are financially literate. In addition, the Board has determined that Mr. Albertini is an audit committee financial expert and is independent as independence for audit committee members is defined in the listing standards of the New York Stock Exchange.

Management is responsible for Triumph s internal controls and the financial reporting process, including the presentation and integrity of our financial statements. Triumph s independent registered public accounting firm is responsible for, among other things, performing an independent audit of Triumph s financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and issuing a report thereon. Triumph s independent registered public accounting firm is responsible for auditing the effectiveness of Triumph s internal control over financial reporting and management s assessment thereof in accordance with standards of the PCAOB, and issuing a report thereon. The audit committee s responsibility is to monitor and oversee these processes on behalf of the Board of Directors. The audit committee also selects and approves the compensation of our independent registered public accounting firm.

In fiscal 2007, the audit committee met and held private discussions with management, the independent registered public accounting firm and Triumph s internal auditors. In addition, the members of the audit committee reviewed (independently or collectively) Triumph s financial statements before such statements were filed with the Securities and Exchange Commission (the SEC) in Triumph s periodic reports on Forms 10-Q and 10-K and all press releases containing earnings reports. Management represented to the audit committee that Triumph s financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the audit committee reviewed and discussed the financial statements with management and the independent registered public accounting firm. The audit committee also discussed with the independent registered public accounting firm the matters required to be discussed by Statements on Auditing Standards No. 61, as amended, as adopted by the PCAOB in Rule 3200T.

Triumph s independent registered public accounting firm, Ernst & Young LLP, also provided to the audit committee the written disclosures required by Rule 3600T of the PCAOB, which adopts on an interim basis Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with the audit committee its independence. The audit committee also considered the compatibility of non-audit services with Ern