CASCADE CORP
Form 10-K
April 05, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2010

OR

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

For the transition period from to

Commission file number 1-12557

CASCADE CORPORATION

(Exact name of registrant as specified in its charter)

Oregon	**93-0136592**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2201 N.E. 201st Ave. Fairview, Oregon 97024-9718

(Address of principal executive office) (Zip Code)

Registrant s telephone number, including area code: **503-669-6300**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $.50 per share

Name of exchange on which registered: **New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of common stock held by non-affiliates of the registrant as of July 31, 2009 was $266,094,827, based on the closing sale price of the common stock on the New York Stock Exchange on that date.

The number of shares outstanding of the registrant s common stock as of March 9, 2010 was 10,885,426.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be filed within 120 days after the registrant s fiscal year end of January 31, 2010, to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held June 2, 2010 are incorporated by reference into Part III.

TABLE OF CONTENTS

NOTE: All references to fiscal years are defined as year ended January 31, 2010 (fiscal 2010), year ended January 31, 2009 (fiscal 2009) and year ended January 31, 2008 (fiscal 2008).

Table of Contents

Forward-looking Statements

This Annual Report on Form 10-K, including Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of revenue, gross profit, expenses, earnings or losses from operations, synergies or other financial items; any statements of plans, strategies, and objectives of management for future operations; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties, and assumptions referred to above include, but are not limited to:

- General business and economic conditions globally, in particular North America, Europe, Asia Pacific and China;
- Effectiveness of our cost reduction initiatives and reorganization plans;
- Competitive factors and the cyclical nature of the materials handling industry and lift truck orders;
- Cost and availability of raw materials;
- Risks and complexities associated with international operations;
- Ability to comply with debt covenants;
- Foreign currency fluctuations;
- Environmental matters;
- Impact of tax law changes;
- Assumptions relating to pension and other postretirement costs;
- Levels of construction activity;
- Impact of acquisitions;
- Fluctuations in interest rates.

We undertake no obligation to publicly revise or update forward-looking statements to reflect events or circumstances that arise after the date of this report. See Risk Factors (Item 1A) for additional information on risk factors with the potential to impact our business.

Table of Contents

PART I

Item 1. Business
General

Cascade Corporation (Cascade) was organized in 1943 under the laws of the state of Oregon. The terms Cascade , we , and our include Cascade Corporation and its subsidiaries. Our headquarters are located in Fairview, Oregon, a suburb of Portland, Oregon. We are one of the world s leading manufacturers of materials handling load engagement devices and related replacement parts, primarily for the lift truck industry and to a lesser extent the construction industry. We also manufacture attachments for the construction industry.

Products

We manufacture an extensive range of materials handling load engagement products that are widely used on lift trucks and, to a lesser extent, on construction and agricultural vehicles.

Our products are primarily manufactured and distributed under the Cascade name and symbol, for which we have secured trademark protection. The primary function of lift truck related products is to provide the lift truck with the capability of engaging, lifting, repositioning, carrying and depositing various types of loads and products. We offer a wide variety of functionally different products, each of which has numerous sizes, models, capacities and optional combinations. Lift truck related products are designed to handle loads with pallets and for specialized application loads without pallets. Examples of specialized products include devices specifically designed to handle loads such as appliances, carpet and paper rolls, baled materials, textiles, beverage containers, drums, canned goods, bricks, masonry blocks, lumber, plywood, and boxed, packaged and containerized products. Certain construction related products allow vehicles such as loaders, backhoes and rough terrain lift trucks to move materials in much the same manner as conventional lift trucks. Our other construction related products are used on excavators and loaders for both conventional and specialized ground engagement applications.

Our products are subject to strict design, construction and safety requirements established by industry associations and the International Organization for Standardization (ISO). Our major manufacturing facilities are ISO certified. Product specifications and characteristics are determined by the expected capacity to be lifted, the characteristics of the load, the environment in which employed, the terrain over which the load will be moved and the operational life cycle of the vehicle. Accordingly, while there are some standard products, the market demands a wide range of products in custom configurations and capacities.

The manufacturing of our products includes the purchase of raw materials and components: principally rolled bar, plate and extruded steel products; unfinished castings and forgings; hydraulic cylinders and motors; and hardware items such as fasteners, rollers, hydraulic seals and hose assemblies. Certain purchased parts are provided worldwide by a limited number of suppliers. Difficulties in obtaining alternative sources of rolled bar, plate and extruded steel products and other materials from a limited number of suppliers could affect operating results. We are not currently experiencing any shortages in obtaining raw materials, purchased parts, or other steel products.

Markets

We market our products throughout the world. Our primary customers are companies and industries that use lift trucks for materials handling. Examples of these industries include pulp and paper, grocery products, textiles, recycling and general consumer goods. Our products are sold to the end-user customer through the retail lift truck dealer distribution channel and to lift truck manufacturers as original equipment manufacturer (OEM) equipment.

In major industrialized countries, lift trucks are a widely utilized method of materials handling. In these markets lift trucks are generally considered maintenance capital investment. This tends to subject the industry in general to the cyclical patterns similar to the broader capital goods economic sector.

Table of Contents

However, many of our products measurably improve overall materials handling and lift truck productivity. Further, we are continually developing products to serve new types of materials handling applications to meet specific customer and industry requirements. In this sense, our products may also be generally considered a productivity enhancing investment. Historically, this has somewhat cushioned the negative impact of downward trends in the lift truck market on our net sales.

In emerging industrialized countries, China in particular, lift trucks are replacing manual labor and other less productive methods of materials handling. As such, lift trucks are generally considered productivity enhancing investments in these markets. We believe this makes the lift truck markets in these countries generally less susceptible to downward trends in overall capital goods spending.

See Recent Trends and Developments Affecting Our Results in Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) for further discussion on how the economic recession is affecting the markets we serve.

Competition

We are one of the leading global independent suppliers of load engagement products for industrial lift trucks. We compete with a number of companies in different parts of the world. Our primary competitor is Bolzoni Auramo, an Italian public company. Most of our remaining competitors are privately-owned companies with a strong presence in local and regional markets. A small number of these competitors compete with us globally.

In addition, several lift truck manufacturers, who are customers of ours, are also competitors in varying degrees to the extent they manufacture a portion of their load engagement product requirements. Since we offer a broad line of products capable of supplying a significant part of the total requirements for the entire lift truck industry, our experience has shown that lower costs resulting from our relatively high unit volume would be difficult for any individual lift truck manufacturer to achieve for most products. We design and position our products to be the performance and service leaders in their respective product categories and geographic markets.

Our market share and gross profit throughout the world vary by geographic region due to the different competitive environments we face in each of these regions. Fluctuations in gross profit within a geographic region over time are generally due to a change in the competitive environment, such as new competitors entering a market or existing entities merging or otherwise leaving the market. Additionally, cyclical variations in product demand directly affect margins as higher manufacturing volumes generally result in greater fixed cost absorption and increased gross profit.

A further discussion of the competition in each geographic region follows:

North America We are the leading manufacturer in North America and the preferred supplier of many OEMs as well as original equipment dealers (OEDs) and distributors. We compete in this region primarily with smaller regionally-based companies and a limited number of smaller foreign competitors. Our leading position is the result of our continued focus on providing high quality products and outstanding customer service.

Europe While we are also a leading manufacturer in Europe, we compete with Bolzoni Auramo and several privately-owned companies with a strong presence in local and regional markets. Price competition in this region has historically resulted in lower gross profit margins than in some other regions.

Asia Pacific This region includes operations in Japan, Australia, New Zealand, Korea, India and South Africa. The competitive environment varies somewhat from country to country, and competitors vary in size from smaller regionally-based private companies to some larger lift truck manufacturers. In general, we believe we have established a strong presence in the majority of markets in this region.

China We have operated in China for over 20 years and have established a strong presence in the lift truck market. As a result of the continued growth in China s economy and the expanded use of lift trucks for various industrial purposes, we are seeing an increase in the number of competitors in the Chinese market, including European based manufacturers.

Table of Contents

Customers

Our products are marketed and sold primarily to lift truck OEDs, OEMs and distributors globally. Our primary markets are North America, Europe, China and Asia Pacific. In addition to sales to the lift truck market, we do sell products to OEMs who manufacture construction, mining, agricultural and industrial vehicles other than lift trucks.

No single customer accounts for more than 10% of our consolidated net sales. Our sales to OEM customers account for approximately 42% of our consolidated net sales.

Backlog

Our products are manufactured with short lead times of generally less than one month. Accordingly, the level of backlog orders is not a significant factor in evaluating our overall level of business activity.

Research and Development

The majority of our research and development activities are performed at our corporate headquarters in Fairview, Oregon and at our manufacturing facility in Guelph, Ontario, Canada. Our engineering staff develops and designs substantially all of the products we sell and is continually involved in developing products for new applications. We generally do not consider patents to be important to our business.

Environmental Matters

From time to time, we are the subject of investigations, conferences, discussions and negotiations with various federal, state, local and foreign agencies with respect to cleanup of hazardous waste and compliance with environmental laws and regulations. Risk Factors (Item 1A), Notes to Consolidated Financial Statements (Item 8) and Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) contain additional information concerning our environmental matters.

Employees

At January 31, 2010, we had approximately 1,700 full-time employees throughout the world. The majority of these employees are not subject to collective bargaining agreements. We believe our relations with our employees are excellent.

Construction Attachments

We manufacture attachments for construction vehicles at two facilities on the West coast of the United States. The construction attachments are for medium and heavy duty construction vehicles used in a variety of construction markets, including infrastructure, demolition, recycling, forestry, utility and general construction. The prevailing levels of commercial, infrastructure and general construction activity have a significant influence on sales of these products. Housing construction has some overall influence. These products are sold through construction equipment dealers and major equipment manufacturers throughout the western United States. We have approximately 40 employees working to design, manufacture and market these products.

Foreign Operations

We have substantial operations outside the United States. There are additional business risks attendant to our foreign operations, including the risk that the relative value of the underlying local currencies may weaken when compared to the U.S. dollar. For further information about foreign operations, see Risk Factors (Item 1A), Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 7) and Notes to Consolidated Financial Statements (Item 8).

Available Information

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on or through our website at *www.cascorp.com* when such reports

6

Table of Contents

are available on the Securities and Exchange Commission (SEC) website *www.sec.gov*. Once filed with the SEC, such documents may be read and/or copied at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Officers of the Registrant

Robert C. Warren, Jr. Chief Executive Officer and President (1) Mr. Warren, 61, has served as President and Chief Executive Officer of Cascade since 1996. He was President and Chief Operating Officer from 1993 until 1996 and was formerly Vice President Marketing. Mr. Warren joined Cascade in 1972.

Richard S. Anderson Senior Vice President and Chief Operating Officer (1) Mr. Anderson, 62, has served as Chief Operating Officer since 2008. Mr. Anderson has been employed by Cascade since 1972 and held several positions including his appointments as Chief Financial Officer from 2001 to 2008, Vice President Material Handling Product Group in 1996 and Senior Vice President International in 1999.

Frank R. Altenhofen, Vice President Asia Pacific (1) Mr. Altenhofen, 48, was appointed Vice President Asia Pacific in June 2008 and was appointed Vice President, Americas in 2007. He started his career with Cascade in 1983 and held numerous manufacturing, marketing, and management positions including General Manager of Cascade s operations in China, until his departure in 2001. Mr. Altenhofen s experience from 2001 to 2007 includes four years as President of an international medical device company.

Peter D. Drake, Vice President Americas (1) Mr. Drake, 42, was appointed Vice President Americas in June 2008. He started his career with Cascade in 1991 and has held a number of management positions including serving as Plant Manager for Cascade s Portland facility since 2000.

Michael E. Kern, Vice President Construction Attachment Division (1) Mr. Kern, 63, has served as Vice President Construction Attachment Division since 2007. He has been employed by Cascade since 1966 and has held several positions, including his appointments as Vice President Sales and Marketing in 2003, as Vice President Director of Dealer Marketing and Sales in 2001 and Aftermarket Sales Manager in 1999.

Kevin B. Kreiter, Vice President Engineering and Marketing (1) Mr. Kreiter, 56, has served in his current position since 2007. He has been employed by Cascade since 1979 and has held several positions within the engineering group, including his appointment as Vice President Engineering in 2006.

Jeffrey K. Nickoloff, Vice President Corporate Manufacturing (1) Mr. Nickoloff, 54, has served in his current position since 2002. He has held several positions with Cascade, including his appointments as Director of North American Manufacturing in 2000 and Plant Manager in 1993. Mr. Nickoloff joined Cascade in 1979.

Joseph G. Pointer, Vice President and Chief Financial Officer (1) Mr. Pointer, 49, has served as Chief Financial Officer since 2008. He was the Vice President Finance from 2000 to 2008. Prior to joining Cascade in 2000, Mr. Pointer was a partner at PricewaterhouseCoopers LLP in Portland, Oregon.

Davide Roncari, Vice President Europe (1) Mr. Roncari, 37, was appointed Vice President Europe in June 2008. He has held a number of management positions in Cascade s European operations since 2003, including his most recent assignment as Director of Engineering Europe and Director of Production for the Verona, Italy manufacturing operations.

Susan Chazin-Wright, Vice President Human Resources (1) Susan Chazin-Wright, 57, was appointed as Vice President Human Resources in March 2008. Prior to joining Cascade, Ms. Wright served as Director of Human Resources at the Stanford Graduate School of Business and as Vice President of Corporate Services at Denso Corporation, a Toyota affiliate automotive component manufacturer.

John A. Cushing Treasurer Mr. Cushing, 49, has served as Treasurer since 2001. He previously was Assistant Treasurer from 1999 until 2001. Prior to joining Cascade in 1999, Mr. Cushing was Assistant Treasurer for Fred Meyer, Inc., a retail company in Portland, Oregon.

(1) These individuals are considered executive officers of Cascade Corporation.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following are certain risks that we believe should be considered carefully in evaluating Cascade s business. Our business, financial condition, cash flows or results of operations could be materially adversely affected by any of these risks. The risks summarized below do not represent an exhaustive list, and additional risks not presently known to us or that we currently consider immaterial may also impair our business and operations.

Economic or industry downturns

Our business has historically experienced periodic cyclical downturns generally consistent with economic cycles in the markets in which we operate. The level of sales of our products reflects to a significant extent the capital investment decisions of the customers who buy our products and the lift trucks and other vehicles on which our products are used. These customers have had a tendency to delay capital projects, including the purchase of new equipment or upgrades, during industry or general economic downturns. Past downturns have been characterized by diminished product demand, excess manufacturing capacity and erosion of gross profit and net income. Therefore, a significant downturn in the markets of our customers, including lift truck manufacturers and to a lesser extent construction equipment manufacturers, or in general economic conditions, such as the recent global economic recession, will result in a reduction in demand for our products and negatively affect our business.

Fluctuations in raw material costs and availability

To manufacture our products we purchase a variety of raw materials and components. These consist principally of rolled bar, plate and extruded specialty steel products, unfinished castings and forgings, hydraulic cylinders and motors and various hardware items. The price of steel is particularly significant to our manufacturing costs since most of our products are manufactured using specialty steel as a primary raw material and specialty steel based components as purchased parts. As a result, we are exposed to increases in the market prices of raw materials and components. We may not be able to mitigate these increases by changing the selling prices of our products or through other means.

Significant cost decreases in raw materials and components could result in pressure from customers to lower our sales prices. Due to large quantities of raw material on hand at the end of the year, these lower sales prices could result in a write down of inventory costs to market value.

We may also experience shortages of raw materials and purchased parts, which in certain cases are provided by a limited number of suppliers. Shortages may require us to curtail production or to devote additional financial resources to maintaining inventories of raw materials and purchased parts in excess of our normal requirements.

Credit and Equity Markets

Our results of operations are materially affected by the conditions in the global economy. The recent global financial crisis has caused extreme volatility and disruptions in the capital and credit markets, principally in the U.S. and Europe. These conditions have decreased availability of liquidity and credit capacity for certain issuers and customers.

Although we generally generate funds from our operations to pay our operating expenses, fund our capital expenditures, pay dividends and fund our employee retirement benefit programs, our ability to continue to meet these cash requirements over the long-term will require substantial liquidity and access to sources of funds, including capital and credit markets. Changes in global economic conditions, including material cost increases and decreases in economic activity in many of the markets that we serve, and our success in managing cost increases, inventory and other important elements of our business may significantly impact our ability to generate funds from operations. Continuing market volatility, the impact of government intervention in financial markets and general economic conditions may also adversely impact our ability to access capital and credit markets to fund operating needs.

Table of Contents

Our line of credit agreement requires us to achieve certain financial and operating results and maintain compliance with specified financial ratios as outlined in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, Financial Condition and Liquidity. During fiscal 2010, we renegotiated the terms of our line of credit due to significant restructuring charges incurred in Europe that would have put us in violation of debt covenant ratios. Failure to comply with the updated terms of our line of credit agreement could result in a default allowing our lenders to declare all borrowings under the line of credit to be immediately due and payable. This would require us to obtain additional financing or renegotiate the terms of our line of credit agreement again. The terms under which we could obtain new or revised financing would likely be less favorable and require higher interest rates, significant fees and tighter restrictions and covenants.

Economic, political and other risks associated with international operations

Foreign operations represent a significant portion of our business. We expect revenue from foreign markets to continue to represent a significant portion of our total sales. As noted in Properties (Item 2), we own or lease facilities in several foreign countries throughout the world. Since we manufacture and sell our products worldwide, our business is subject to risks associated with doing business internationally. Accordingly, our future results could be harmed by a variety of factors, including:

- Foreign currency exchange risks;
- Difficulty in staffing and managing global operations;
- Imposition of foreign exchange controls;
- Changes in a specific country s or region s political or economic conditions, particularly in emerging markets such as China;
- Seizure of our property or assets by a foreign government;
- Tariffs, quotas, other trade protection measures and import or export licensing requirements;
- Restrictions on our ability to own or operate or repatriate profits from our subsidiaries, make investments or acquire new businesses in foreign jurisdictions;
- Potentially negative consequences from changes in tax laws;
- Differing labor regulations;
- Requirements relating to withholding taxes on remittances and other payments by subsidiaries;
- Civil unrest or war in any of the countries in which we operate;

- Unexpected transportation delays or interruptions;

- Difficulty in enforcement of contractual obligations governed by non-U.S. law and complying with multiple and potentially conflicting laws; and

- Unexpected changes in regulatory requirements.

Foreign currency fluctuations

Changes in economic or political conditions globally and in any of the countries in which we operate could result in exchange rate movements, new currency or exchange controls or other restrictions being imposed on our operations.

Because our combined financial results are reported in U.S. dollars, translation of sales or earnings generated in other currencies into U.S. dollars can result in a significant increase or decrease in the amount of those sales or earnings. In addition, our debt service requirements are primarily in U.S. dollars, even though a portion of our cash flow is generated in foreign currencies. Significant changes in the value of these foreign currencies relative to the U.S. dollar could have a material adverse effect on our financial condition.

Fluctuations in currencies relative to currencies in which our earnings are generated make it more difficult to perform period-to-period comparisons of our reported results of operations. For purposes of accounting, the assets and liabilities of our foreign operations, where the local currency is the functional currency, are translated using period-end exchange rates, and the revenues, expenses and cash flows of our foreign operations are translated using average exchange rates during each period.

In addition to currency translation risks, we incur currency transaction risk whenever we enter into a purchase or a sales transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, we cannot be assured we will be able to effectively manage our currency transaction and/or translation risks. We have purchased and may continue to purchase foreign currency hedging instruments protecting or offsetting positions in certain currencies to reduce the risk of adverse currency fluctuations. We only purchase these instruments to cover actual currency exposures. We have in the past experienced and expect to experience at times in the future an impact on earnings as a result of foreign currency exchange rate fluctuations.

Original equipment manufacturers sourcing practices

We sell approximately 42% of our products directly to OEMs, several of which are global manufacturers. The following actions taken by these OEMs could significantly affect our business:

- Adjusting their inventories of finished products as part of ongoing operations.
- Shifting from local or regional sourcing of products to lower cost global sourcing.
- Altering the distribution channels of certain products by acquiring all or part of their dealer network or by exerting influence over their sale of replacement parts and attachments through their distribution channels.
- Manufacturing their own attachments.

Competition

Our products do not depend upon proprietary technology to any significant degree, and therefore can be subject to intense competition. Competitive characteristics of our products include overall performance, ease of use, quality, safety, customer service and support, manufacturing lead times, global reach, brand reputation, breadth of product line and price. Our customers increasingly demand more technologically advanced and integrated products in certain cases and we must continue to develop our expertise and technical capabilities in order to manufacture and market these products successfully. To retain our competitive position, we will need to invest continuously in research and development and improve our manufacturing, marketing, customer service and support and our distribution networks.

Environmental compliance costs and liabilities

Our operations and properties are subject to stringent U.S. and foreign, federal, state and local laws and regulations relating to environmental protection. These laws and regulations govern the investigation and cleanup of contaminated properties as well as air emissions, water discharges, waste management and disposal and workplace health and safety. We can be held responsible under these laws and regulations whether or not the original actions were legal and whether or not we knew of, or were responsible for, the presence of such hazardous or toxic substances. We could be responsible for payment of the full amount of any liability, whether or not any other responsible party also is liable.

These laws and regulations affect a significant percentage of our operations, are different in every jurisdiction and can impose substantial fines and sanctions for violations. Further, they may require substantial clean-up costs for our properties, many of which are sites of long-standing manufacturing operations, and the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or

10

decrease the likelihood of accidental hazardous substance releases. We must conform our operations and properties to these laws and adapt to regulatory requirements in all jurisdictions as these requirements change.

We routinely deal with natural gas, oil and other petroleum products. As a result of our operations, we generate, manage and dispose of or recycle hazardous wastes and substances such as solvents, thinner, waste paint, waste oil, wash-down wastes and sandblast material. Hydrocarbons or other hazardous substances or wastes may have been disposed or released on, under or from properties owned, leased or operated by us or on, under or from other locations where such substances or wastes have been taken for disposal. These properties may be subject to investigatory, clean-up and monitoring requirements under U.S. and foreign, federal, state and local environmental laws and regulations.

In prior years, we entered into settlement agreements with various environmental insurance providers with respect to litigation of claims under insurance policies issued by the providers to recover expenses incurred in connection with environmental and related proceedings. As a part of these settlement agreements, we released all of our rights to any future recovery under these policies.

Loss of senior management

The success of our business is dependent on our ability to attract and retain qualified personnel. Several members of our senior management team have been with us for over 20 years, including our President and Chief Operating Officer, who have each been with us for over 35 years. We may lose the services of key management personnel or fail to attract and develop additional personnel.

Reliance on customers

Approximately 58% of our products are sold to the end-user customer through OEDs. Therefore, a significant portion of our sales is dependent on the quality and effectiveness of these dealers, who are not subject to our control. In addition, under current economic conditions customers may experience difficulty in obtaining credit to fund purchases of our products.

Underfunded benefit plans

Our obligations under our postretirement benefit plan and certain foreign subsidiaries defined benefit pension plans are currently underfunded. At some time in the future we may have to make significant cash payments to fund these plans, which would reduce the cash available for our business.

As of January 31, 2010 our accumulated postretirement benefit obligation under our postretirement benefit plan, which is not funded, was $7.9 million. As of January 31, 2010, our projected benefit obligations under our defined benefit pension plans exceed the fair value of assets by $2 million. The underfunding in our defined benefit pension plans are impacted by fluctuations in the discount rate and financial markets that cause the valuation of assets to change. Also, the trustees of the UK defined benefit plan could decide to wind up the plan, which would cause us to be required to immediately fund the plan through a buyout of the obligation in full. We expect any required cash payments to our plans that are not fully funded will be made from future cash flows from operations. If our cash contributions are insufficient to adequately fund the plans to cover our future obligations, the performance of the pension plan assets do not meet our expectations or assumptions are modified, our contributions could be materially higher than we expect. This would reduce the cash available for our business. Changes in U.S. or foreign laws governing these plans could require us to make additional contributions and changes to generally accepted accounting principles in the United States could require the recording of additional costs related to these plans.

Impact of acquisitions

We have historically expanded our business through acquisitions and expect we will do so in the future if appropriate opportunities arise. If we are not successful in integrating acquisitions, we may not realize the

Table of Contents

operating results we anticipated at the time of acquisition. In addition, industry downturns in the markets the acquired companies serve and general economic conditions may adversely affect our financial results. Future acquisitions may require us to incur additional debt and contingent liabilities, which may materially and adversely affect our business, operating results, cash flows and financial condition. The acquisition and integration of businesses involve a number of risks, including:

- Doing business in industries outside the lift truck material handling business;
- Difficulties in matching the business culture of the acquired business with our culture;
- Difficulties in the assimilation and retention of employees;
- Difficulties in retaining customers and integrating customer bases;
- Diversion of management s attention from existing operations due to the integration of acquired businesses;
- Difficulties in integrating operations and systems; and
- Assumption of unexpected liabilities.

Due to the decreased availability of, and the related high cost in accessing, liquidity and credit in this current volatile credit and capital market, we may, in a bid to conserve cash for operations, undertake acquisitions that would be financed in part through public offerings or private placements of debt or equity securities, or other arrangements. Such acquisition financing could result in a decrease of our ratio of earnings to fixed charges and adversely affect other leverage measures. We cannot guarantee any such acquisition financing would be available to us on acceptable terms if and when required. If we were to undertake an acquisition by issuing equity securities, the issued securities may have a dilutive effect on the interests of the holders of our common shares.

Item 1B. Unresolved Staff Comments

None.

Table of Contents

Item 2. Properties

We own and lease various types of properties located throughout the world. Our corporate office is located in Fairview, Oregon. We generally consider the productive capacity of our manufacturing facilities to be adequate and suitable to meet our requirements. Our primary locations are presented below:

Location	Primary Activity	Approximate Square Footage	Status
NORTH AMERICA			
Springfield, Ohio	Manufacturing	200,000	Owned
Fairview, Oregon	Manufacturing/Headquarters	155,000	Owned
Guelph, Ontario Canada	Manufacturing	125,000	Owned
Toronto, Ontario Canada	Manufacturing	73,000	Leased
Woodinville, Washington	Manufacturing	68,000	Leased
Warner Robins, Georgia	Manufacturing	65,000	Owned
Findlay, Ohio	Manufacturing	52,000	Owned
San Juan Capistrano, California	Manufacturing	9,000	Leased
EUROPE			
Almere, The Netherlands*	Distribution	162,000	Owned
Schalksmuhle, Germany*	Distribution	81,000	Owned
Verona, Italy	Manufacturing	74,000	Leased
Manchester, England	Manufacturing	44,000	Owned
La Machine, France*	Vacant	37,000	Owned
Brescia, Italy	Manufacturing	19,000	Owned
Ancenis, France*	Distribution	12,000	Owned
Vaggeryd, Sweden	Sales	2,000	Leased
Epignay, France	Sales	2,000	Leased
Barcelona, Spain	Sales	1,000	Leased
Vantaa, Finland	Sales	500	Leased
ASIA PACIFIC			
Brisbane, Australia	Manufacturing	46,000	Leased
Osaka, Japan	Sales/Distribution	24,000	Owned
Inchon, Korea	Manufacturing	12,000	Owned
Auckland, New Zealand	Sales/Distribution	9,000	Leased
Johannesburg, South Africa	Sales	9,000	Leased
Pune, India	Sales	120	Leased
CHINA			
Xiamen, China	Manufacturing	189,000	Leased
Hebei, China	Manufacturing	88,000	Leased
Xiamen, China	Manufacturing	87,000	Leased
Hebei, China	Manufacturing	65,000	Leased

* Location is currently available for sale.

Item 3. Legal Proceedings

Neither Cascade nor any of our subsidiaries are involved in any material pending legal proceedings. We believe we are adequately insured against product liability, personal injury and property damage claims, which may occasionally arise.

Item 4. Reserved

Table of Contents

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

As of March 9, 2010, there were 159 shareholders of record of Cascade s common stock including blocks of shares held by various depositories. It is our belief that when the shares held by the depositories are attributed to the beneficial owners, the total exceeds 2,000.

Performance Graph

The following graph compares the annual percentage change in the cumulative shareholder return on our common stock with the cumulative total return of the Russell 2000 Index and an industry group of peer companies, in each case assuming investment of $100 on January 31, 2005, and reinvestment of dividends. The stock price performance shown in the graph below is not necessarily indicative of future stock price performance. Notwithstanding anything to the contrary set forth in any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the stock performance graph shall not be incorporated by reference into any such filings and shall not otherwise be deemed filed under such acts.

The peer group comprises the following companies: Actuant Corporation., Alamo Group Inc., Ampco-Pittsburgh Corporation, Astec Industries, Inc., Columbus-McKinnon Corporation, Gulf Island Fabrication, Inc., IDEX Corporation, Lindsay Manufacturing Company and Nordson Corporation.

Table of Contents

Market Information

The high and low sales prices of our common stock based on intra-day prices on the New York Stock Exchange for each quarter during the last two fiscal years were as follows:

	Year ended January 31			
	2010		2009	
	High	Low	High	Low
First quarter	$ 26.38	$ 12.81	$ 54.87	$ 39.70
Second quarter	31.91	15.11	51.05	39.01
Third quarter	28.83	22.85	53.76	27.65
Fourth quarter	32.26	21.36	36.16	20.60

Dividends

The cash dividends declared during each quarter of the last two fiscal years were as follows:

	Year ended January 31	
	2010	2009
First quarter	$ 0.05	$ 0.18
Second quarter	0.05	0.20
Third quarter	0.01	0.20
Fourth quarter	0.01	0.20
Total	$ 0.12	$ 0.78

Stock Exchange Listing and Transfer Agent

Cascade s stock is traded on the New York Stock Exchange under the symbol CASC.

Cascade s registrar and transfer agent is BNY Mellon Shareowner Services, P.O. Box 358015, Pittsburgh, P.A., 15252, (877) 268-3023.

Equity Compensation Plan Information

For information on our equity compensation plans, see Items 8 and 12 of this report.

Table of Contents

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with our consolidated financial statements and accompanying notes contained in Item 8 of this Form 10-K.

	Year Ended January 31				
	2010	2009	2008	2007	2006
	(In thousands, except per share amounts and employees)				
Income statement data:					
Net sales	$ 314,353	$ 534,172	$ 558,073	$ 478,850	$ 450,503
Operating income (loss)(1)	$ (31,494)	$ 11,477	$ 95,613	$ 68,351	$ 63,894
Net income (loss)(2)	$ (38,649)	$ 1,267	$ 60,147	$ 45,481	$ 42,051
Cash flow data:					
Cash flows from operating activities	$ 45,413	$ 41,086	$ 53,326	$ 57,109	$ 50,425
Cash flows from investing activities	$ (5,732)	$ (16,134)	$ (31,627)	$ (33,582)	$ (31,723)
Cash flows from financing activities	$ (44,659)	$ (20,382)	$ (33,432)	$ (22,153)	$ (13,191)
Free cash flow(3)	$ 39,479	$ 24,377	$ 30,518	$ 39,031	$ 39,845
Stock information:					
Basic earnings per share(2)	$ (3.57)	$ 0.12	$ 5.08	$ 3.64	$ 3.40
Diluted earnings per share(2)	$ (3.57)	$ 0.11	$ 4.88	$ 3.48	$ 3.27
Dividends declared	$ 0.12	$ 0.78	$ 0.70	$ 0.61	$ 0.54
Balance sheet information:					
Cash and marketable securities	$ 20,201	$ 31,185	$ 21,223	$ 36,593	$ 58,497
Working capital(4)	$ 112,378	$ 161,718	$ 151,971	$ 113,130	$ 124,962
Property, plant and equipment, net	$ 73,408	$ 93,826	$ 98,350	$ 84,151	$ 75,374
Total assets	$ 341,931	$ 397,583	$ 462,500	$ 397,432	$ 361,283
Total debt	$ 59,416	$ 102,763	$ 110,716	$ 51,119	$ 29,922
Shareholders equity	$ 215,762	$ 236,967	$ 268,025	$ 271,636	$ 259,406
Other:					
Capital expenditures	$ 5,934	$ 16,709	$ 22,808	$ 18,078	$ 10,580
Depreciation	$ 11,893	$ 13,801	$ 13,898	$ 13,753	$ 14,562
Amortization	$ 403	$ 2,519	$ 3,214	$ 1,472	$ 1,443
Share-based compensation expense(5)	$ 3,562	$ 4,421	$ 4,451	$ 4,033	$ 2,278
Interest expense, net of interest income	$ 1,561	$ 3,475	$ 3,315	$ 400	$ 1,762
Diluted weighted average shares outstanding	10,816	11,077	12,333	13,071	12,850
Number of employees	1,700	2,100	2,400	2,100	1,900

(1) Amount includes $30,001 of restructuring costs in 2010, a $46,376 asset impairment charge in 2009 and a $15,977 insurance litigation recovery in 2008.

(2) Amount includes an after-tax restructuring charge of $29,519 ($2.73 per diluted share) in 2010, an after-tax asset impairment charge in 2009 of $31,576 ($2.85 per diluted share) and an after-tax insurance litigation recovery in 2008 of $10,026 ($0.81 per diluted share).

(3) A non-GAAP measure defined as cash flow from operating activities less capital expenditures. See Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information about free cash flow.

(4) Defined as current assets less current liabilities.

(5) See Notes 2 and 13 to the Consolidated Financial Statements for additional information on share-based compensation.

Table of Contents

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of certain significant factors that have affected our financial condition as of January 31, 2010, and the results of operations and cash flows for the fiscal years ended January 31, 2010, 2009 and 2008. This information should be read in conjunction with our consolidated financial statements and notes thereto under Item 8, Financial Statements and Supplementary Data of this report.

OVERVIEW

Our businesses globally manufacture and distribute material handling load engagement products primarily for the lift truck industry and to a lesser extent the construction industry. We operate our business in four geographic segments: North America, Europe, Asia Pacific and China. A further discussion of the nature of our business is contained in Item 1, Business, of this report.

RECENT TRENDS AND DEVELOPMENTS AFFECTING OUR RESULTS

Global Economic Conditions

The financial and banking crisis that began in the third quarter of fiscal 2009 triggered a significant deterioration in global economic conditions, which included depressed demand for lift trucks and our products. Excluding the impact of foreign currencies, our consolidated net sales decreased 40% during fiscal 2010, while global lift truck shipments were down 42% compared to the prior year. During this very challenging global business environment, we initiated a major restructuring of our European operations and implemented a number of steps to control costs, while continuing to meet customer needs. We believe the steps we have taken will position us to emerge from this economic cycle a stronger company, enable us to take advantage of improved markets and increase our market share.

Towards the end of fiscal 2010, we started to see some more positive regional trends in the lift truck market which we believe could continue into 2011. Based on these trends, we believe the following:

- North America North America has begun to recover, however it will be at a slow, gradual pace over the upcoming year.
- Europe The decrease in European shipments has leveled off and will begin to see a gradual recovery during the next 18 months.
- Asia Pacific The Asia Pacific market will experience slow growth during fiscal 2011.
- China China will continue to grow at a rate that is comparable to the Chinese gross domestic product growth rate.

Europe Restructuring

During the past two fiscal years we have taken a number of steps to change the structure of our European business and improve operational efficiencies with the goal of achieving a sustainable level of operating income. These steps have included closing production facilities in Germany, The Netherlands and France, changes in management personnel, other workforce reductions within Europe and movement of certain production activities to Italy. We have incurred $32.5 million of European restructuring costs over the past two years. We believe we have been able to continue to serve our customers needs during this transition period despite operational disruption due to the restructuring effort.

We will continue to review our existing production capacity and look for further opportunities to improve our European operations. At this time, however, we do not anticipate incurring any significant European restructuring costs during fiscal 2011 and believe that over the long-term our objective of sustained profitability in Europe will be met.

Table of Contents

COMPARISON OF FISCAL 2010 AND FISCAL 2009

Executive Summary

	Year Ended January 31 2010	2009	Change	Change %
	(In thousands except per share amounts)			
Net sales	$ 314,353	$ 534,172	$ (219,819)	(41)%
Operating income (loss)	$ (31,494)	$ 11,477	$ (42,971)	(374)%
Income (loss) before taxes	$ (33,498)	$ 4,391	$ (37,889)	(863)%
Provision for income taxes	$ 5,151	$ 3,124	$ 2,027	65%
Effective tax rate	(15)%	71%		
Net income (loss)	$ (38,649)	$ 1,267	$ (39,916)	
Diluted earnings (loss) per share	$ (3.57)	$ 0.11	$ (3.68)	

The following is an overview of fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Consolidated net sales decreased 40% as a result of the general economic downturn and a weak lift truck market. Global lift truck shipments were down 42% compared to the prior year. We have found that lift truck industry statistics provide a strong indication of the direction of our business activity. However, changes in our net sales do not correspond directly to the percentage changes in lift truck shipments or orders.

Our consolidated gross profit percentage decreased from 28% to 23%, primarily as a result of operational costs associated with our European restructuring and unabsorbed fixed and variable costs due to lower sales volumes, particularly in Europe and North America.

We incurred restructuring costs of $30 million, primarily related to shutting down production activities at our facilities located in France, Germany and The Netherlands.

We paid down outstanding debt by $43.3 million during 2010 using cash flow from operations.

The income tax expense in fiscal 2010 is a result of taxes due in countries where we are generating income and taxes on foreign dividends related to the repatriation of cash to the U.S. We are currently unable to realize a tax benefit in several European countries where we have incurred losses.

During fiscal 2009, we recognized a $46.4 million asset impairment charge for goodwill and intangible assets associated with our construction attachment business.

North America

	Year Ended January 31	Change	Change %

	2010	%	2009	%		
		(In thousands)				
Net sales	$ 154,654	91%	$ 257,077	90%	$ (102,423)	(40)%
Transfers between areas	15,086	9%	29,083	10%	(13,997)	(48)%
Net sales and transfers	169,740	100%	286,160	100%	(116,420)	(41)%
Cost of goods sold	120,933	71%	198,236	69%	(77,303)	(39)%
Gross profit	48,807	29%	87,924	31%	(39,117)	(44)%
Selling and administrative	39,802	24%	45,451	16%	(5,649)	(12)%
Environmental	1,255	1%			1,255	
Loss on disposition of assets, net	3		178		(175)	
Amortization	191		2,221	1%	(2,030)	(91)%
Asset impairment charge			46,376	16%	(46,376)	
Operating income (loss)	$ 7,556	4%	$ (6,302)	(2)%	$ 13,858	220%

18

Table of Contents

Details of the change in net sales compared to the prior year are as follows (in thousands):

	Amount	Change %
Net sales change	$ (101,744)	(40)%
Foreign currency change	(679)	
Total	$ (102,423)	(40)%

The following summarizes financial results for North America for fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Net sales decreased 40% primarily due to lower sales volumes as a result of the general economic downturn and a weak lift truck market. Lift truck industry shipments decreased 43% compared to the prior year.

Shipments of product to other Cascade locations decreased 48% during fiscal 2010 due to lower global customer demand and efforts to reduce inventory.

Our gross profit percentage decreased in the current year due to significantly lower sales volumes which resulted in unabsorbed fixed and variable costs. This was offset by a favorable product mix during the current year and a reduction of overhead costs as a result of headcount reductions and other cost cutting measures. All of our facilities in North America operated at reduced work schedules during fiscal 2010.

Selling and administrative costs decreased 12% due to lower personnel and other general costs.

During fiscal 2010, we recorded a $1.3 million environmental charge primarily related to our Springfield, Ohio location. This expense was the result of formalizing a revised remediation plan with the Ohio Environmental Protection Agency, which will require additional cleanup activities related to groundwater contamination.

During fiscal 2009, we recognized a $46.4 million asset impairment charge for goodwill and intangible assets associated with our construction attachment business.

Europe

	Year Ended January 31					
	2010	%	2009	%	Change	Change %
	(In thousands)					
Net sales	$ 81,068	96%	$ 167,955	99%	$ (86,887)	(52)%
Transfers between areas	3,648	4%	1,686	1%	1,962	116%
Net sales and transfers	84,716	100%	169,641	100%	(84,925)	(50)%
Cost of goods sold	90,021	106%	144,388	85%	(54,367)	(38)%

Gross profit (loss)	(5,305)	(6)%	25,253	15%	(30,558)	(121)%
Selling and administrative	19,424	23%	26,148	15%	(6,724)	(26)%
Loss on disposition of assets, net	59		108		(49)	(45)%
Amortization	212		298		(86)	(29)%
Restructuring costs	30,001	36%	2,544	2%	27,457	
Operating loss	$ (55,001)	(65)%	$ (3,845)	(2)%	$ (51,156)	

Table of Contents

Details of the change in net sales compared to the prior year are as follows (in thousands):

	Amount	Change %
Net sales change	$ (82,173)	(49)%
Foreign currency change	(4,714)	(3)%
Total	$ (86,887)	(52)%

The following summarizes financial results for Europe for fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Net sales decreased 49% primarily due to lower sales volumes as a result of the general economic downturn and a weak lift truck market. Lift truck industry shipments decreased 58% during 2010 as the economic recession had a more significant impact on European economies.

Our gross profit percentage decreased due to costs associated with our European restructuring effort, including considerable operational disruption costs and inventory writeoffs. In addition, significantly lower sales volumes resulted in unabsorbed overhead costs, as all facilities operated under reduced work schedules during fiscal 2010.

Selling and administrative costs decreased 22% primarily due to lower personnel costs, as a result of headcount reductions made during our European restructuring activities. Marketing, selling and travel costs were also lower.

Restructuring costs of $30 million were primarily a result of closing production activities at our facilities in Germany ($10.9 million), The Netherlands ($13.2 million) and France ($5.3 million). These costs included severance costs of $17.3 million, fixed asset write downs of $9 million, costs for movement of equipment and facility shutdowns of $2.6 million and other restructuring costs of $1.1 million.

Asia Pacific

	Year Ended January 31					
	2010	%	2009	%	Change	Change %
	(In thousands)					
Net sales	$ 44,102	100%	$ 68,466	99%	$ (24,364)	(36)%
Transfers between areas	147		355	1%	(208)	(59)%
Net sales and transfers	44,249	100%	68,821	100%	(24,572)	(36)%
Cost of goods sold	32,972	74%	52,458	76%	(19,486)	(37)%
Gross profit	11,277	26%	16,363	24%	(5,086)	(31)%
Selling and administrative	7,485	17%	9,040	13%	(1,555)	(17)%
Loss on disposition of assets, net	2		47		(45)	
Operating income	$ 3,790	9%	$ 7,276	11%	$ (3,486)	(48)%

Details of the change in net sales compared to the prior year are as follows (in thousands):

	Amount	Change %
Net sales change	$ (23,734)	(35)%
Foreign currency change	(630)	(1)%
Total	$ (24,364)	(36)%

Table of Contents

The following summarizes the financial results for Asia Pacific for fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Net sales decreased 35% primarily due to lower sales volumes as a result of the general economic downturn and a weak lift truck market. Lift truck industry shipments decreased 43% during the current year.

Our gross profit percentage increased due to changes in product mix and fluctuations in foreign currency rates primarily in Australia and Korea.

Selling and administrative costs decreased 17% due to lower personnel, sales and other general costs.

China

	Year Ended January 31 (In thousands)					
	2010	%	2009	%	Change	Change %
Net sales	$ 34,529	77%	$ 40,674	64%	$ (6,145)	(15)%
Transfers between areas	10,549	23%	23,219	36%	(12,670)	(55)%
Net sales and transfers	45,078	100%	63,893	100%	(18,815)	(29)%
Cost of goods sold	28,787	64%	44,885	70%	(16,098)	(36)%
Gross profit	16,291	36%	19,008	30%	(2,717)	(14)%
Selling and administrative	4,096	9%	4,590	8%	(494)	(11)%
Loss on disposition of assets, net	34		70		(36)	(51)%
Operating income	$ 12,161	27%	$ 14,348	22%	$ (2,187)	(15)%

Details of the change in net sales compared to the prior year are as follows (in thousands):

	Amount	Change %
Net sales change	$ (6,584)	(16)%
Foreign currency change	439	1%
Total	$ (6,145)	(15)%

The following summarizes the financial results for China for fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Net sales decreased 16% primarily due to lower sales volumes as a result of the general economic downturn and a weak export lift truck market. Lift truck industry shipments within China increased 5% during the current year but export shipments decreased 65%. The Chinese market was significantly impacted by the global economic downturn in the first quarter of fiscal 2010. Overall the Chinese market recovered during the last three quarters.

Transfers to other Cascade locations decreased 55% due to lower customer demand in Europe and Asia Pacific and efforts to reduce inventory.

Our gross profit percentage increased due to changes in product mix and fewer intercompany transfers, which carry lower gross margins.

Selling and administrative costs decreased 12% due to lower personnel and other general costs.

Non-Operating Items

The following are financial highlights for non-operating items during fiscal 2010:

Interest expense decreased $2.2 million during fiscal 2010 as a result of lower interest rates and our efforts to pay down debt. During fiscal 2010 we reduced our outstanding debt by 42% or $43.3 million.

Table of Contents

Foreign currency losses decreased $3.2 million during the current year as a result of more stable foreign currency rates and changes in our practices for managing foreign currencies put in place during the year.

The effective tax rate for fiscal 2010 was negative 15% compared to 71% for fiscal 2009. The current year income tax expense was a result of taxes due in countries where we are generating income and taxes on foreign dividends related to the repatriation of cash to the U.S. We are currently unable to realize a tax benefit in several European countries where we have incurred losses. During 2009, the high tax rate was attributable to a low level of net income as a result of impairments of intangible assets and goodwill that were not deductible for tax purposes.

Lift Truck Market Outlook

The uncertain duration of the current recession makes it very difficult to estimate the effect on the global lift truck market in the future. A summary of regional lift truck market trends can be found under Recent Trends and Developments Affecting Our Results.

Additional information on lift truck industry trends can be found at www.cascorp.com/investor/industrytrends. This website address is intended to provide an inactive, textual reference only. The information at this website is not part of this Form 10-K and is not incorporated by reference.

Fourth Quarter Results (2010/2009)

	Three Months Ended January 31					
	2010	**%**	**2009**	**%**	**Change**	**Change %**
		(In thousands)				
Net sales	$ 80,572	100%	$ 95,068	100%	$ (14,496)	(15)%
Cost of goods sold	62,179	77%	72,122	76%	(9,943)	(14)%
Gross profit	18,393	23%	22,946	24%	(4,553)	(20)%
Selling and administrative expenses	17,836	22%	17,614	19%	222	1%
Environmental	1,255	2%			1,255	
Loss on disposition of assets	8		236		(228)	(97)%
Amortization	47		518		(471)	(91)%
Asset impairment charge			46,376	49%	(46,376)	
European restructuring costs	12,121	15%	806	1%	11,315	
Operating loss	(12,874)	(16)%	(42,604)	(45)%	29,730	(70)%
Interest expense, net	421	1%	399		22	6%
Foreign currency losses, net	159		1,239	2%	(1,080)	(87)%
Loss before taxes	(13,454)	(17)%	(44,242)	(47)%	30,788	(70)%
Provision for (benefit from) taxes	976	1%	(13,741)	(15)%	14,717	(107)%
Net loss	$ (14,430)	(18)%	$ (30,501)	(32)%	$ 16,071	(53)%
Diluted loss per share	$ (1.33)		$ (2.82)			
Operating income (loss) by region:						
North America	$ 1,403		$ (41,827)		$ 43,230	(103)%
Europe	(18,750)		(3,439)		(15,311)	(445)%
Asia Pacific	701		1,065		(364)	(34)%
China	3,772		1,597		2,175	136%
	$ (12,874)		$ (42,604)		$ 29,730	(70)%

Table of Contents

The following summarizes the financial results from the fourth quarter of fiscal 2010. All percentage comparisons to the prior year exclude the impact of foreign currencies:

Consolidated net sales decreased 19% as a result of the general economic downturn and a weak lift truck market. Global lift truck shipments were down 25% compared to the prior year.

Our consolidated gross profit percentage decreased primarily as a result of operational costs associated with our European restructuring, including considerable operational disruption costs and inventory writeoffs. This decrease was offset by a favorable product mix in the current year and a reduction of overhead costs as a result of headcount reductions and other cost cutting measures implemented during fiscal 2010.

We incurred restructuring costs of $12.1 million, primarily related to shutting down production at our fork facility in Hagen, Germany.

Selling and administrative expenses decreased 4%, due to lower personnel and other general costs.

During fiscal 2010, we recorded a $1.3 million environmental charge primarily related to our Springfield, Ohio location. This expense was the result of formalizing a revised remediation plan with the Ohio Environmental Protection Agency, which will require additional cleanup activities related to groundwater contamination.

During the fourth quarter of fiscal 2009, we recognized a $46.4 million asset impairment charge for goodwill and intangible assets associated with our construction attachment business.

The income tax expense in fiscal 2010 is a result of taxes due in countries where we are generating income and taxes on foreign dividends related to the repatriation of cash to the U.S. We are currently unable to realize a tax benefit in several European countries where we have incurred losses.

COMPARISON OF FISCAL 2009 AND FISCAL 2008

Executive Summary

	Year Ended January 31			
	2009	2008	Change	Change %
	(In thousands except per share amounts)			
Net sales	$ 534,172	$ 558,073	$ (23,901)	(4)%
Operating income	$ 11,477	$ 95,613	$ (84,136)	(88)%
Net income	$ 1,267	$ 60,147	$ (58,880)	(98)%
Diluted earnings per share	$ 0.11	$ 4.88	$ (4.77)	(98)%

The following is an overview of fiscal 2009. All percentage comparisons to the prior year exclude the impact of foreign currencies:

During fiscal 2009 net sales were down 6%. Global lift truck shipments were flat compared to fiscal 2008.

During fiscal 2009, gross profit percentages decreased in all geographic regions as a result of lower sales volumes and material price increases. Our consolidated gross profit percentage decreased to 28% in fiscal 2009 from 31% in fiscal 2008.

During the fourth quarter of fiscal 2009 we recognized a $46.4 million asset impairment charge for goodwill and intangible assets associated with our construction attachment business, which decreased net income $31.6 million.

During the first quarter of fiscal 2008 we settled an insurance litigation matter which accounted for a $16 million increase to operating income and a $10 million increase to net income.

Table of Contents

North America

	Year Ended January 31					
	2009	%	2008	%	Change	Change %
	(In thousands)					
Net sales	$ 257,077	90%	$ 286,832	90%	$ (29,755)	(10)%
Transfers between areas	29,083	10%	33,118	10%	(4,035)	(12)%
Net sales and transfers	286,160	100%	319,950	100%	(33,790)	(11)%
Cost of goods sold	198,236	69%	210,118	66%	(11,882)	(6)%
Gross profit	87,924	31%	109,832	34%	(21,908)	(20)%
Selling and administrative	45,451	16%	51,020	16%	(5,569)	(11)%
Loss (gain) on disposition of assets, net	178		(1,135)	(1)%	1,313	
Amortization	2,221	1%	2,482	1%	(261)	(11)%
Insurance litigation recovery, net			(15,977)	(5)%	15,977	
Asset impairment	46,376	16%			46,376	
Operating income (loss)	$ (6,302)	(2)%	$ 73,442	23%	$ (79,744)	(109)%

Details of the change in net sales compared to fiscal 2008 are as follows (in thousands):

	Amount	Change %
Net sales change	$ (29,354)	(10)%
Foreign currency change	(401)	(0)%
Total	$ (29,755)	(10)%

The following summarizes financial results for North America for fiscal 2009. All percentage comparisons to fiscal 2008 exclude the impact of foreign currencies:

Net sales decreased 10% during fiscal 2009 primarily as a result of lower sales volumes due to the general economic downturn, which worsened during the fourth quarter, but was partially offset by sales price increases. North America lift truck industry shipments decreased 12% from 2008 to 2009.

Transfers to other Cascade geographic areas decreased 12% during fiscal 2009 due to lower global customer demand.

Our gross profit percentage decreased 3% during fiscal 2009 due to higher material costs, changes in product mix, lower production volumes, new product introduction costs and other cost increases, which were partially offset by sales price increases. Our gross profit percentage was consistent each quarter during fiscal 2009.

Selling and administrative costs decreased 11% during fiscal 2009 due to a reduction in personnel and consulting costs combined with significant discretionary spending reductions in other areas.

During the fourth quarter of fiscal 2009, we recognized a $46.4 million asset impairment charge for goodwill and intangible assets associated with our construction attachment business. See Critical Accounting Policies and Estimates for further discussion related to the asset impairment charge.

During fiscal 2008, we realized a $1.1 million pre-tax gain on the sale of land in Fairview, Oregon.

During fiscal 2008, we entered into a settlement agreement with Employers Reinsurance Corporation with respect to litigation to recover various expenses incurred in connection with environmental and related proceedings. The recovery from this settlement was $16 million, net of expenses.

Table of Contents

Europe

	Year Ended January 31					
	2009	%	2008	%	Change	Change %
	(In thousands)					
Net sales	$ 167,955	99%	$ 171,435	99%	$ (3,480)	(2)%
Transfers between areas	1,686	1%	1,497	1%	189	13%
Net sales and transfers	169,641	100%	172,932	100%	(3,291)	(2)%
Cost of goods sold	144,388	85%	145,288	84%	(900)	(1)%
Gross profit	25,253	15%	27,644	16%	(2,391)	(9)%
Selling and administrative	26,148	15%	26,201	15%	(53)	
Loss on disposition of assets, net	108				108	
Amortization	298		732	1%	(434)	(59)%
European restructuring costs	2,544	2%			2,544	
Operating income (loss)	$ (3,845)	(2)%	$ 711	0%	$ (4,556)	(641)%

Details of the change in net sales compared to fiscal 2008 are as follows (in thousands):

	Amount	Change %
Net sales change	$ (8,249)	(5)%
Foreign currency change	4,769	3%
Total	$ (3,480)	(2)%

The following summarizes financial results for Europe for fiscal 2009. All percentage comparisons to fiscal 2008 exclude the impact of foreign currencies:

During fiscal 2009 net sales decreased 5%, primarily as a result of weakening economic conditions in the fourth quarter. Although lift truck industry shipments for the year increased 1%, European lift truck shipments for the fourth quarter 2009 were down 27%.

Our fiscal 2009 gross profit percentage decreased 1%, primarily due to increased material costs, which have been mitigated in part by sales price increases and more efficient manufacturing as a result of cost reductions.

Selling and administrative expenses decreased 4%, due to lower personnel, selling, and other general costs.

During fiscal 2009, we incurred $2.5 million in restructuring costs, primarily severance and legal costs, related to optimization of operations at our facilities in Almere, The Netherlands and Hagen, Germany.

Asia Pacific

	Year Ended January 31					
	2009	%	2008	%	Change	Change %
	(In thousands)					
Net sales	$ 68,466	99%	$ 59,776	100%	$ 8,690	15%
Transfers between areas	355	1%	179		176	98%
Net sales and transfers	68,821	100%	59,955	100%	8,866	