

TRIPLE
BOTTOM
LINE
REPORT

2010





Cascade's LEED-EB Platinum certified building,
The Learning Community, in Grand Rapids, Michigan.

Michigan State University

CREATING VALUE

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At Cascade Engineering we believe that sustainability drives innovation and growth across the three capitals that comprise the Triple Bottom Line. We were founded on the belief that building social and environmental capital is not only the right thing to do but also makes good business sense.

Over the past decade, we have built a business strategy focused on sustainability that drives innovation in

our company. We are committed to making a positive impact on society and the environment and to being financially successful. Cascade's Triple Bottom Line Report serves as a documenting mechanism for all sustainability efforts and measurements throughout the organization. We welcome you to explore this year's report which highlights the social, environmental and economic initiatives that continue to be an important part of our company.



LETTER FROM **FRED KELLER**



President, CEO, Chairman
and Chief Technology Officer

I hope our theme for this year's report, "Creating Value", inspires you as much as it does me. Our thinking in choosing it was two-fold. First, it aptly describes the benefits created by our own strides toward sustainability. Second, it highlights our growing ability to help our customers get there, too. Our insight creates value for our customers through the benefit of our lessons learned and by helping them begin their path to sustainability. We've again relied on a familiar mathematical expression to gauge our progress. It is admittedly a personal favorite, and here is why:

The idea is that sustainability – and its potential for value creation – can be imagined in terms of a fraction. "Below the line," the denominator

is all about reducing impacts and costs. "Above the line," the numerator involves developing new ways to equip businesses, communities and individuals in their drive toward these objectives.

As we reflect on another year of reduced denominators and increased numerators, our company purpose has been well-served: to make a positive impact on our society, the environment and to be financially successful. As we sought to fulfill that purpose in 2010, our initiative resulted in the creation of social, economic and environmental value that you'll see in these pages. Together, the Cascade Family of Companies was able to restore natural resources, work towards becoming free of racism, redirect

and conserve financial resources and expand our quest for “a world without waste baskets.” These are exciting outcomes. More work remains, of course, but we’re successfully tapping into the discretionary effort that our employees are willing to give.

Reaching Zero

In 2010, Cascade remained highly focused on both parts of the sustainability equation. We are seeing that there’s a logical limit to reducing our denominator. We continue to push the envelope in our quest to reach zero – or as close to it as possible – while helping our customers accomplish their own “denominator work” toward zero waste and reduced oil dependence. This emphasis presented interesting opportunities as our

customers’ sustainability goals drove our innovation.

Unlimited Opportunity

Cascade will always pursue impact and cost reduction, despite the potential limits to our efforts. That said, we continue to serve our customers from “above the line.” Growing the numerator has no inherent limits. This challenges our creativity and spurs our willingness to set ourselves apart. We remain single-minded in our goal to enable customers and consumers to share our vision of uncompromising sustainability. That is the ultimate equation for value creation.

All of Cascade’s work during 2010 took place against a backdrop of gradual economic recovery, including

initial signs of rebound in the automotive industry. We are hopeful that alternative energies will become more attractive and competitive. We are also hopeful that more businesses and communities will embrace sustainability as a preferred path toward reducing their consumptive impact and achieving an improved quality of life.

In this dynamic and encouraging environment, we thank our customers, suppliers and partners for providing Cascade the opportunity to create value that is making a real and lasting difference in our world.



ENVIRONMENTAL SOCIAL ECONOMIC



A world **without waste baskets**

It is easy to speak favorably about environmental citizenship. Changing one's habits and behaviors to model environmental citizenship is not. Yet, that is exactly what all of our employees do, every day, with everything they encounter in the workplace. We increase the value of the earth by refusing to throw anything away. And that's just the beginning.

ENVIRONMENTAL **VALUE**

As part of its sustainable approach to business, the Cascade Engineering Family of Companies is proactive about environmental responsibility. Starting with each employee's personal choices in the workplace, we are well on our way to achieving zero waste-to-landfill. Analyzing our manufacturing and logistics practices for new ways to produce with less and re-use with more, we include every level of our people, processes and products in our quest. We believe that environmental stewardship is a "must-have." By pursuing ways to set positive examples, we can create immeasurable value that will deliver great returns for generations to come.

The challenges of environmental stewardship are complex. Each time a solution is proposed, it seems that another challenge presents itself. When it comes to preparing the planet for our children's future, the Cascade Family of Companies remains undaunted.

SUSTAINABILITY FORUM FOCUS: WHERE DOES OUR ENERGY GO?

The Sustainability Forum team made its predominate focus how to be more energy efficient in FY 2010. The broad topic of “energy efficiency” was a natural choice, since energy costs account for the greatest monetary expense and are the heaviest contributor to greenhouse gas emissions for Cascade Engineering.

By working in subcommittees, the team was able to review several aspects of energy use within our operations. The subcommittees studied:

- How to track energy efficiencies
- Energy usage by machine
- How to incorporate energy efficient decisions into new equipment and processes
- Identifying energy conserving modifications to start-up and shut-down procedures
- Assessing lighting controls and their impact on energy usage
- How to raise awareness and improve energy inefficiencies

These initial reviews served as a valuable starting point for the Sustainability Forum. As FY 2011 is ushered in, we look forward to conducting further analysis of energy use, conservation and awareness throughout the Cascade Engineering Family of Companies.

ANOTHER BRIGHT SPOT: SOLAR PANEL TESTING AT NORTH PLANT

Cascade Renewable Energy (CRE) began providing solar products and services to customers about two years ago. Since then, CRE has successfully installed nearly 500 kW of solar photovoltaic (PV) systems in Michigan, covering over a 125,000 sq. ft. area. These systems provide hundreds of thousands of kWhs of energy every year. One of the many CRE residential and commercial installations includes the PV system, which was installed on top of the North Plant in 2010.

While the previous solar project installations provided CRE with numerous learning opportunities, the system on top of the North Plant, installed as an experiment, presents a unique experiential journey. This 150kW system incorporates three different solar modules in three different mounting combinations. These combinations are then merged with two inverter types to

form seven unique photovoltaic system designs. Historical and real-time outputs from the designs are analyzed to identify the best system for different customer situations. All of that technical jargon may seem unintelligible but the purpose is meaningful.

The information gleaned from this experiment will help CRE create tremendous value to their distributor network and their customer base. It will also help to position CRE as the most advanced integrator in Michigan, while increasing their competitiveness across the U.S.

Michigan solar rebates and solar incentives are available for the North Plant system for the next 12 years. Rebates and benefits include a commercial Feed-In-Tariff (FIT). This amounts to more than 37.5 cents/kWh during the eligible time period.



Applying these rebates and benefits, the system, which has a lifespan of more than 25 years, can potentially pay for itself in less than ten years.

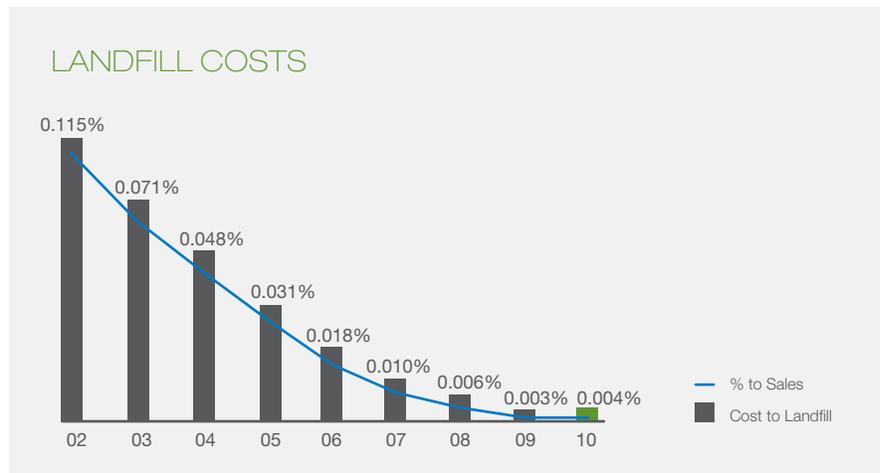
There are many reasons that the North Plant “solar system” is certainly a win-win-win for customers, distributors and the environment. The North Plant system will also help Cascade Engineering assist the state of Michigan as it moves toward its Renewable Portfolio Standard goal of producing 10 percent of its energy from renewable sources by 2015.

ZERO WASTE-TO-LANDFILL REPORT

Cascade Engineering's initial journey of reducing our waste-to-landfill volumes originated in 2002. Fiscal Year 2010 saw a slight increase in the amount of waste sent to the landfill. While at first look this appears to be negative progress, in fact the very small increase reported can be attributed to the significant growth in the number of employees and affiliates. To experience an unremarkable increase in waste in light of considerable growth in volume of our population, we are pleased that our efforts are productive and will continue to improve. In 2010, we pushed the envelope one step further by

transitioning from "Reduction of Waste-to-landfill" to "Zero Waste-to-landfill". The team has been working diligently to ready each facility. The final remaining hurdle was finding a compost recycler, which is now in place.

Our Neighborhood Recycling Center (NRC) continues to be available to employees and the community. The volume of batteries and electronics recycled from the NRC was at an all-time high in 2010. We continue to add new services as we find resources and look forward to continuing to report on this important initiative.



RECYCLABLES AND ENVIRONMENTAL MANAGEMENT

Cascade embraces our environmental management system (EMS) with ISO14001 certification. There were no major or minor findings in the external audit for 2010. Other important contributors to the success of the EMS is our 2010 renewal as a Clean Corporate Citizen by the Department of Natural Resources and involvement in the Michigan Business Pollution Prevention Program.

Our use of Post-Consumer Recycled (PCR) content and Post-Industrial Recycled (PIR) content for fiscal year 2010 was up about 2.4 million pounds compared to fiscal year 2009. The majority of the increase was attributed to PCR content. PCR continues to be a valuable component in the production of many of our products, including our dashmats and automotive products and Cascade Eco-Carts.

REDUCING VOLATILE ORGANIC COMPOUNDS (VOCs)

In 2010, CK Technologies introduced robots to their paint line in Montpelier, Ohio. This implementation created multiple environmental advantages. Consistently accurate, complete paint coverage onto parts significantly improved with the robot system. The new process also allows better coverage using less paint. This reduces the level of VOCs produced. Rick Kwiatkowski, CK's Finishing Manager, reported, "Adding the robots to the paint line allows us to reduce our expenses while reducing our impact on the environment producing, a win-win."

The actual results show that paint consumption has been reduced by more than 50% while realizing an increase of at least 20% overall in transfer efficiencies since the addition of the robotic application system. In a compounding value addition, these improved efficiencies reduced the number of new filter changes from daily to weekly, which also reduces landfill waste.



Precious resources, **restored**

When nature's fury leaves an indelible reminder of our human frailty, the value of compassion in action grows exponentially.

SOCIAL VALUE

When the world presents undeniable truths that shake our confidence, we have two choices: hide or provide. Cascade Engineering chooses to provide. Whether it's clean water where there is thirst, encouragement where there is fear, knowledge where there is question or acceptance where there is rejection, we invest in people.

Because success has many facets and prosperity without humanity is empty and unfulfilling, 2010 brought challenges, some familiar, others new. The Cascade Engineering Family of Companies employees brought helping hands, generosity, hope and elbow grease to conquer them. We are proud to be part of things bigger than ourselves.

CREATING VALUE THROUGH COMPASSION: HAITI EARTHQUAKE 2010

In January 2010, with the earthquake that leveled Port Au Prince, Haiti, it was impossible to predict the scale of loss, damage and danger that would follow. As if the existing water quality concerns in the area were not enough, the quake exponentially increased the threat as waterborne diseases such as cholera ravaged the country. Thousands of people died from cholera and other waterborne diseases.

Joining forces with companies near and far, we set out to implement our plan. Local non-profit organization, Thirsting to Serve™, collected donations for the program. The U.S. Navy's Project Handclasp provided the logistics to get the filters transported to Haiti and through customs. Another willing partner, Pure Water for the World, was waiting on the ground in Haiti to begin installations while our local neighbor, Amway, provided chlorinators and de-chlorinators to make the filters work immediately. Dow Chemical donated resin and Nugent Sand donated sand and gravel for the

filters. Cascade Engineering employees donated time, applying stickers to the filters, holding collection drives and mobilizing truckloads of donated clothing, non-perishables and medical supplies, and even raising enough money to send two additional pallets of filters. It was the vision and commitment from Cascade Engineering that got the whole program started, but it was truly a collective effort from the West Michigan community that brought hope and rehabilitation to Haiti.

Since the original filters were installed, we have continued to receive emails, pictures and stories about how the filters have impacted lives. In one orphanage, many children used to be seriously ill from the water, but thanks to the filter they are no longer at risk due to unsafe drinking water. Our filter was even profiled on a CNN broadcast. The Navy has also shared with us that it is the, "#1 requested item on all of the ships," because of its effectiveness and the positive impact it has on people's lives.

Cascade Engineering's North Plant has the capacity to produce 250,000 water filters a year. This can help as many as 2.5 million people for 10 or more years. Cascade Engineering is proud that our products can be part of lifesaving solutions to global problems and that we are on the path to doing so. Because there is no price that can be placed on the value of lives saved and dignity restored.

Immediately following the quake, Cascade Engineering made a commitment to send **1,000 filters to Haiti which would produce safe, healthy water to more than 10,000 people for at least ten years.**

A variety of partnerships helped us reach and exceed our goal.

YOUTHFUL LESSONS: THE VALUE OF INSPIRATION

Creating value can be achieved through many avenues. We have shared examples of Cascade's efforts to generate economic value through strategic thinking, candid discussions and staying in tune with the world around us.

We have revealed our commitment to social value by viewing the human race as a single body of many colors and cultures. We also see significant value in taking youthful energy and potential and transforming it into character that will mature and grow for individual and collective returns. 2010 allowed the Cascade Engineering Family of Companies to invest in promising young people through unique, education-based opportunities.

PROJECT COOL

Project COOL is a nonprofit organization that places youth in the greater Grand Rapids area into summer work experiences with local employers. Project COOL was started in 2004, by Mrs. Minnie Farris. Mrs. Farris' vision of uniting youth and local businesses for career exploration answers an important need. The program structures the process from application to job completion. Its original goal was to focus on job readiness and socialization skills as part of the placement experience. Cascade Engineering has participated with Project COOL since 2007. We continued our involvement in 2010.

As Project COOL carries on Mrs. Farris' legacy of training underrepresented youth in important life skills, preparing them for the competitive rigors of higher education and succeeding in the workplace, employers play an important role in successful outcomes. Employers must agree to actively teach practical work skills and instill a strong work ethic by not only supervising tasks, but by acting as mentors. Mentorship is a proven path to improving performance and knowledge for any employee. But for the young people participating in Project COOL, the mentor relationship may be the first exposure the student has had to active, focused encouragement and access to a personal learning relationship.

To further prepare participants as they look beyond Project COOL, seminars are held with area professionals to teach students money management skills; how to make informed decisions and set goals; and how to become positive, productive, respectful individuals. In addition to the educational and social benefits, Project COOL provides financial support for the students, their families and the community through the students' paid work experience.

Teenage unemployment (16 to 19 years old) is officially 26.4 percent, but the actual unemployment rate is much higher. **More than half of young people between the ages of 16 and 24 (52.2 percent) do not have jobs**, the highest since World War II.

MAYOR 50: BUSINESSES AND YOUTH ADD UP



This local campaign aims to identify and engage fifty businesses to partner with the City of Grand Rapids. The coalition agrees to provide meaningful jobs for young people between the ages of 15 and 21. Cascade Engineering has joined with the City in this opportunity to help young men and women gain valuable work experience. Participants become eligible for the program by completing at least 36 hours of leadership and work readiness training. They must also complete the WorkKeys® assessment, a job skills assessment system designed by collegiate testing provider, ACT®. With these requirements in place, we chose an Ottawa Hills student, Danita Chapman, to work as an intern with us for six months. During her program, Miss Chapman exhibited much growth and confidence. We believe this 50/50 partnership will result in great dividends through youth employment and contribution to economic health.

VALUING HUMANITY: ERASING RACISM



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Despite a greater awareness and sensitivity to diversity in our society, the Cascade Engineering Family of Companies believes there is still much to learn about racism. Unfortunately, societal trends and individual behaviors open few opportunities for constructive dialogue. As long as that dialogue is suppressed, our progress in understanding and changing racially-based norms will lag. As a community stakeholder, Cascade Engineering has made it a priority to create and maintain an environment where employees feel safe – even encouraged – to discuss racial issues. We strive to foster attitudes that invite meaningful conversation on this often taboo topic.

In 2009, we started our journey to confront racism head-on. Since becoming a company that is not afraid to voice our anti-racist values, we have accepted the ongoing nature of our quest and the realization that there

is much to learn. Our internal commitment is to diligently identify, confront and eliminate all forms of racism that might be found within our halls. Our internal culture must also model inclusiveness, and Cascade Engineering should be a place where all employees know they are valued for their talents and contributions regardless of the color of their skin.

By remaining firmly committed to resolving racial issues, we will be able to enjoy the authenticity that comes with true, deep change. As one of our anti-racism efforts in 2010, we brought the Ferris State University Jim Crow Museum to our offices and invited all employees to visit the exhibit. Our two program features were titled “Hateful Things” and “THEM: Images of Separation.” “Hateful Things” is a collection of everyday objects that belittled African Americans by use of derogatory images shaped by the Jim

Crow Era. “THEM: Images of Separation,” explored images of the subjugation of women, poor whites, gays, Jewish Americans, Native Americans, Mexican Americans, African Americans, Asian Americans and others.

Although Jim Crow policies are no longer the law of the land, the exhibit generated real conversations about this painful time in our history and how it still affects us today. For everyone who visited the exhibits, which included 97% of Cascade’s Grand Rapids employees, the deeper understanding that we gained will compel us in our personal views and our commitment to eliminate racism throughout the Cascade Engineering Family of Companies. While our dialogues and scenarios are not always comfortable and sometimes even painful, we believe that the most difficult challenges will bring the greatest rewards.

The “Jim Crow Era” represents a time when racial segregation and laws supporting the inferiority of people of color were institutionalized throughout much of the United States. Studying the false assumptions, behaviors and attitudes that prevailed helped the entire Cascade Engineering workforce see and understand the flawed thinking of the time. **No one went away unchanged.**

PINK CART: KICKING CANCER TO THE CURB

In May 2010, Cascade's Container Group launched The Pink Cart, a program inspired by a single employee who wanted to make a difference. On the twenty-third anniversary of her mother's death, Jo-Anne Perkins, Vice President of Cascade Cart Solutions, decided it was time to bring together her personal and professional passions. She had long hoped for a way to make a significant impact against the disease that had taken her mother's life: breast cancer. Supported by Cascade's commitment to the social bottom line, Jo-Anne's dream was realized.

Getting started, Jo-Anne and her team set out to form exclusive partnerships with both the American Cancer Society® and the Canadian Cancer Society® – and succeeded. The team designed an all-pink cart and a custom in-mold lid label that provides information on maintaining good breast health and the importance of early detection. In addition to raising awareness about early detection and screening, for every Pink Cart purchased, Cascade donates \$5 to breast cancer awareness in the U.S. or breast cancer research in Canada.

The Pink Cart was a unique offering in the waste industry. Jo-Anne and her team knew it would need an innovative approach to reach a new audience. Cascade was able to start connecting directly with women and their families who have been impacted by breast cancer. Word spread quickly and the Pink Cart online community grew by leaps and bounds. Fans and followers on Facebook and Twitter began petitioning their waste and recycling haulers to offer “pink” and



Jo-Anne Perkins
Vice President
Cascade Cart Solutions

orders began coming in. The movement started in West Michigan but soon spread to haulers and cities across the U.S. and Canada. With nearly 25,000 Pink Carts sold in more than 35 states in the U.S. and the program getting under way in Canada, Cascade has already pledged \$125,000 to the fight against breast cancer and raises more with each new order.

The Pink Cart caught West Michigan's attention – and its heart. Through our social media presence, people learned of Jo-Anne's personal story and her success as the leader of Cascade's Container Group. In November 2010, the YWCA of West Central Michigan recognized Jo-Anne Perkins as its TRIBUTE! Award winner in Business, Industry and Labor. Since 1977,

the YWCA's annual TRIBUTE! Awards have honored more than 175 women who have inspired others with their leadership, character and dedication. Cascade is proud to see Jo-Anne's innovation and success recognized. In fact, it is our hope that her example inspires each and every employee to draw on his or her personal passions as part of their workplace contribution. We believe that value is created when people are motivated from the heart. The Pink Cart is a prime example of Cascade's commitment to doing the right thing and making it into good business. It is also a powerful illustration of the value that every one of our employees brings to create continued growth and success, personally, corporately, and planet-wide.

CASCADE ENGINEERING WELFARE-TO-CAREER CATALYST: HOW ONE GOOD THING LEADS TO ANOTHER



In the photo is Peggy Presellar, one of our employees who successfully transitioned from dependence to self sufficiency. Photo by Rick Smith, Rochester, Michigan. Courtesy of the C.S. Mott Foundation.

Cascade Engineering's Welfare-to-Career program has been successfully operating for more than 12 years. A first-of-its-kind program in the nation, this community collaboration project was soon duplicated in 2003, with a collaborative effort called "the SOURCE." With a goal of modeling Cascade's success on a larger scale, the SOURCE brought together private industry, government agencies, and nonprofit organizations in urban Grand Rapids. With an expanded support base, it became possible to broaden the impact of Cascade's Welfare-to-Career program by reaching more under and unemployed residents of the community. In the same spirit as our original program, the SOURCE offers

area individuals new opportunities to move into economic self-sufficiency. The successful results of both programs have been so inspiring that in 2007, Cascade launched Quest Sustainable Solutions. Quest is the training and consulting arm of Cascade Engineering. Its purpose? To help other organizations and communities start similar programs to build effective work cultures, support under and unemployed individuals and foster vital communities. In 2010, Quest was pleased to partner with Corporation for a Skilled Workforce, an organization that will allow us to bring our best practices to many communities around the country. In Jefferson County, Colorado, for example, local

businesses and the community came together to build stronger social and economic capital in the spirit of Cascade's original program. Quest's community collaboration model is now being deployed in several communities nationally.

Our success with the Welfare-to-Career Program has also allowed us to look for still more ways to collaborate here at home. In 2010, we found our opportunity with The Seeds of Promise™, a Grand Rapids community initiative to develop sustainable neighborhoods. Seeds of Promise ties into the community's desire to introduce grassroots strategies in areas with higher rates of poverty. The partnership strives to achieve job growth and security for residents while bringing positive transformation of neighborhoods through reinvestment and ownership. By promoting collaboration and stakeholder partnerships, the program applies sustainable development best practices, builds local resident leadership, and uses deep listening techniques to meet the needs and wants expressed by neighborhood residents to create vitality and sustainability.

Cascade is a founding partner of this unique model for community development, along with the City of Grand Rapids and Grand Valley State University. To date, more than 90 organizations have signed on to be part of this work in the target area.

ART PRIZE: NEVER UNDERESTIMATE THE VALUE OF CREATIVITY

Cascade Engineering, a sponsor of Grand Rapids' ArtPrize, is excited to offer its own Sustainable Art award.

We created this unique category to recognize artists and works that demonstrate and reflect the importance of sustainability in our community – art that benefits our community and spreads the message of sustainability. Now, more than ever, we believe that value can only be created through proper stewardship of every kind of resource.

In our business practices, Cascade Engineering defines sustainability as the philosophies and practices that allow businesses to meet the needs of the present without compromising the needs of future generations.

The company uses the “Triple Bottom Line” approach to measure its sustainability goals. The Triple Bottom Line analyzes three capitals created by business: social capital (benefits to employees and the community), environmental capital (reductions in ecological footprint), and financial capital (the company's economic performance). The Triple Bottom line approach breaks the old business paradigm that the only purpose of business is to make money regardless of the social and environmental impacts.

“ArtPrize is a great opportunity for Cascade Engineering to engage the public conversation about sustainability beyond business – to discuss sustainability's importance in all

aspects of living, including art and its creation. Cascade Engineering was founded on the belief that business can be socially and environmentally responsible without sacrificing the financial bottom line,” indicated Steve Peterson, Cascade Engineering's Executive Vice President. Cascade Engineering will award one \$5,000 Sustainable Art award to the ArtPrize entrant who best captures the sustainability philosophy. In 2009 we awarded Scott Hessels for his piece “Image Mill: Sustainable Art”. In 2010, we awarded Paul Baliker for his piece “Matter of Time.”



As a leader in sustainability, we believe that the Triple Bottom Line drives innovation and growth for businesses and is a significant part of our success.

Kenyatta Brame,
Cascade Engineering
Chief Administrative Officer

Created by Paul Baliker, “Matter of Time” is the 2010 winner of Cascade's Sustainable Art Award. Photo courtesy of Paul Baliker.

SEEDS OF INNOVATION: ENGINEERING, HR AND ROBOTICS

CK Technologies supports college students through an alliance with Northwest State Community College in Archbold, Ohio. In 2010, CK Technologies sponsored three partial scholarships for their Human Resources and Engineering programs. Our particular area of interest lies in plastics engineering classes that are offered as part of both certificate and degree programs at Northwest State.

CKT also focuses on the local community by sponsoring the robotics program in the Montpelier High School. We began by subsidizing an extracurricular program where students built robots and submitted their work to technical competitions. This proved to be such a rewarding experience, it led the instructor to seek us out at the program's conclusion. We were presented with a proposal to add a formal robotics course at the high school level. CK Technologies, seeing the possibility of exponential return on investment through inspiring young talent, agreed. We signed on to fund necessary AutoCAD licenses to get the class under way. In addition to financial support, CKT employees participate in both the classroom and the competitive assembly club activities. We also invite students to participate in a CKT plant tour and give them an opportunity to see production robots in action. Potential fostered, minds expanded, value created.

Another area for CKT's community support is the Montpelier High School Career Exploration class. Associates from the various business functions spend time in the classroom sharing the aspects of their careers. Students also have the opportunity to complete a tour of the CKT factory. Potential fostered, minds expanded, value created.

FINDING VALUE IN COOKIES AND COMPASSION: KAIROS PRISON OUTREACH

Kairos is a prison outreach program to help the incarcerated develop communication skills through respect for other people and their belief systems. Kairos also fosters unity within prison walls. The Warden at Toledo Correctional Institution credits the Kairos program for helping reduce violence between inmates, and inmates to correctional officers at this facility.

Each Kairos weekend is completely funded by volunteers and community sponsors, like CK Technologies. CKT employees participate in this program through the bi-annual weekend prison retreats. CKT employees support volunteers by donating "green agape" (money) and baking the cookies for the retreat. Each volunteer is required to sponsor one resident of the prison (\$150.00 per inmate) and provide 150 dozen cookies. Yes, 150 dozen, each!

Throughout the course of the four-day program, the thousands of cookies provide refreshment during session breaks and fellowship opportunities for inmates and Kairos volunteers. They participate in a highly structured environment and programming to encourage prisoners and provide opportunity for personal growth.

Reflecting on his Kairos experiences, Tom Trejo says, "The love, care, and direction that was given to me drives my purpose to give back. I have been blessed and I want to let the incarcerated know that there is always hope. There is light at the end of the tunnel. I share my story with them in hopes that they will have a change of heart. I have seen many lives change over the course of one weekend. None of this would be possible without the prayers and dona-

tions from everyone. Kairos has given me a front row seat to see God do His work. Men with hardened hearts, who consider themselves forgotten by the world, come to tears when people show that they care for them."

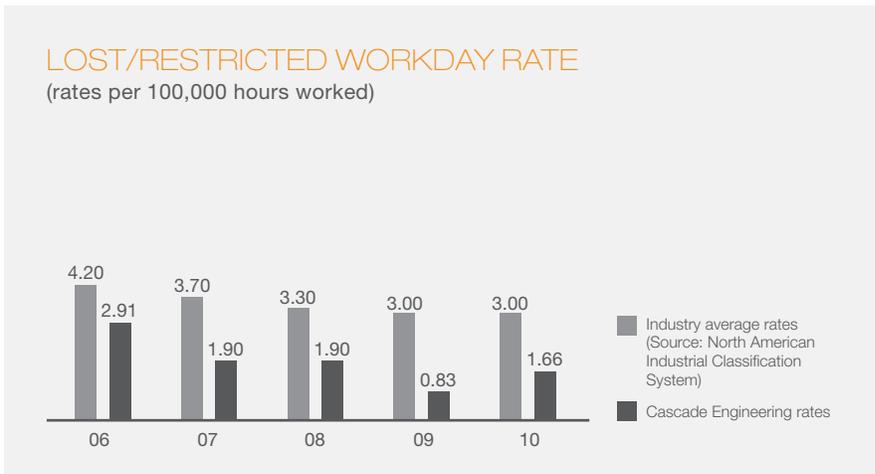
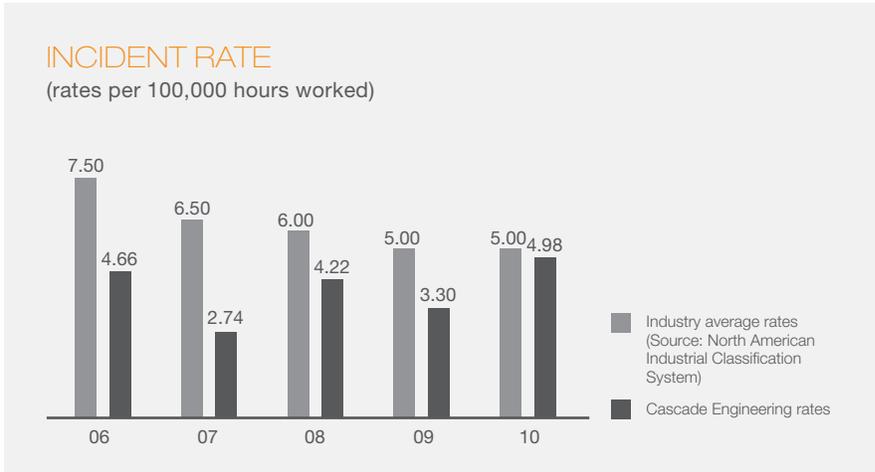
I personally feel blessed to be part of this Prison Ministry. I once went through some hard times in my life and because of Tim Kline, past President of CKT, I was able to overcome many obstacles in my life.

Tom Trejo,
a CKT Associate

SAFETY

Safety continues to be a fundamental core value for Cascade Engineering. 2010 found us facing more challenges than the previous year, with an increase in new employees, and a significant reallocation of resources. In addition, Cascade Engineering Automotive Solutions was visited by the Michigan Occupational Safety and Health Administration resulting in two citations for a total of \$1,200. As indicated in the graph to the right, the Grand Rapids Campus experienced an increase in the Safety Incident Rate and Lost/Restricted Workday Rate, while remaining under the industry averages.

We are very pleased with last year's focus on incident reporting. Employees and affiliates have done exceptionally well with reporting, especially with near-miss opportunities that allow us to take a more proactive approach to safety. In FY10, four of our facilities had zero recordable incidences.





Hatching a nest of **economic strength**

Not comfortable with a “wait and see” approach, our companies analyzed, soul-searched and responded to the good, the bad and the strategic needs in 2010. Nimble thinking and visionary action protect assets and lay a foundation for a sound financial future.

ECONOMIC VALUE

Planning for entrepreneurial achievement and future success is not a science. As engineers, many of our Cascade employees are concrete thinkers, meticulous in details and super-human in innovation. By combining those intricate abilities with the visionaries, the bottom-liners and the champions for cause who share our hallways, we believe we have a powerful amalgamation of talents that predict great returns on our investment.

By putting our collective minds together, we can take each step into the future with confidence. One “tomorrow” at a time, we anticipate what lies ahead. We do not shy away from making changes we know must be made, even if we wish it was not so. And as we scan the horizon for new avenues of demand, we are excited by the opportunities that lie ahead, thanks to diligent resource management.

CREATING VALUE THROUGH DIVERSIFICATION

Cascade Engineering is a manufacturer and marketer of many products and services. We support a variety of industries, including renewable energy, automotive, commercial truck and bus, solid waste and recycling, material compounding, furniture, RFID, and material handling. Our diversity has not only helped us weather economic uncertainty, but serves as a strategic element for our future. We continue to seek out investments that will expand the breadth and depth of our family of companies.

In 2010, we initiated two joint ventures and created a new division. By keeping a close eye on new opportunities, we are able to take new resources and grow them into valuable avenues of economic return, enduring relationships and expanded knowledge.

2010 also saw us divest our interest in a few ventures as we made some strategic shifts. As with all our business planning efforts, even as we step away from certain ownerships, we appreciate the retention of mutually beneficial relationships that have grown from those collaborations.

Triple Quest, a joint venture with Windquest Group, has a mission to market and sell water filtration and related product lines to developing countries (the base of the pyramid). Our primary product line is the Hydraid® water filter (Hydraid.org). During 2010, Hydraid® products were shipped to Haiti, Honduras and other countries. Here, value is created by seeing our product gain exponential returns for the human element, reducing disease by providing safe drinking water.

Capturit seeks to acquire, develop, market and sell on-board truck systems to the solid waste industry. This new venture complements and expands the product line sold by our Cascade Cart Solutions and Integrated Solutions divisions.

Cascade for the Home (CFTH) is a new division serving the retail customer with sustainable products. Our initial product lines include kitchen items made of 100% recycled materials, storage products for the home also made from recycled materials and products to reduce and monitor energy within the home. As consumers continue to seek products that make everyday tasks more sustainable, CFTH will continue to create value by meeting needs as demands grow.



Sometimes, creating value means letting go of one thing to better focus on another. Such was the case in 2010, with the decision to divest of two investments within our transportation group. Our partner in Systex Product Corporation approached us about purchasing the portion of the company that Cascade owned and we agreed to sell our investment.

We continue to work with Systex on opportunities and services we have shared over the almost 20 years of the joint venture. We also divested of our ownership in Brandmotion. Brandmotion shifted from its automotive roots (selling aftermarket products to the OEM service department) into new areas that did not offer us the same fit.

Outside of our transportation businesses, we also divested of our

interest in Surge Medical Solutions. Our scrutiny of business lines and how they aligned with the need to create sustained value caused us to shift outside the medical device business. We assisted with the transfer of assets to the buyer and continue to make use of the clean room by renting it to a strategic partner.

MEGA Credit Creates Value for Sustainable Jobs

Cascade Engineering was awarded a MEGA tax credit from the State of Michigan in August 2010. The tax credit applies to payroll costs for new employees hired to support sustainable product lines for the fiscal years 2011 to 2013. We were also awarded credits for fiscal years 2014 to 2017. To benefit, Cascade must hire at least five employees in eligible positions

during FY 2011. The credit applies for a maximum of 183 qualified jobs in Michigan. Cascade plans to add jobs in our new Cascade for the Home Division (CFTH). CFTH was established in August 2010. Jobs to support our Cascade Renewable Energy Division are also planned. Specifically, we see adding support functions in centralized services, production, warehousing, distribution, marketing and engineering. As part of the MEGA jobs credit process, Cascade Township also awarded Cascade Engineering an Act 328 Property Tax Abatement for two years. This credit is related to investment in workstations, equipment and other personal property to support our sustainable businesses.

THE VALUE OF ADAPTABILITY: CK TECHNOLOGIES PROVES IT

CK Technologies maintains a diligent focus on meeting customer needs. In 2010, it was learned that there would be facility closures for CK's customer's plant in Canada. This created a need to move paint, assembly and line operations from Canada to Mt. Airy, North Carolina. Without pause, the CK Technologies group planned and adapted to the change by executing a seamless transfer of operations. Ultimately, while accommodating the change, CK Technologies was able to expand;

and at the same time, improve customer logistics and reduce internal costs. In November 2010, CK rolled out assembly processes with 15 dedicated associates to support the customer's production line in Garland, Texas and all service requirements to their distribution centers across the US. The new line takes advantage of production space that became available when another customer made a move to Mexico. The changes also improved CK Technologies' operating costs and provided job growth in the local community. The ability to take an unplanned business event and turn it into a profitable improvement on a dime takes the concept of creating value and sets a high standard for the Cascade Family of Companies, and partners everywhere, to follow.



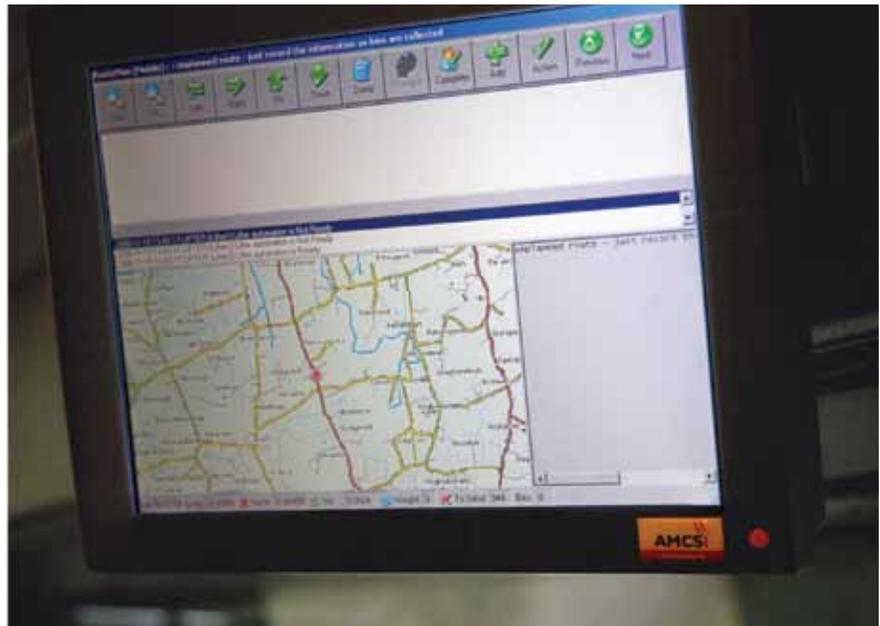
INNOVATION TAKES OUT THE TRASH, WITH TECHNOLOGY

Capturit was founded in 2010 to apply our passion for innovation to our interest in the solid waste industry. Capturit was the natural strategic progression for two of our existing businesses that are leaders in the solid waste industry, Cascade Cart Solutions, which manufactures and distributes two-wheeled trash receptacles, and Integrated Solutions, which makes durable RFID tags for carts and commercial containers.

Capturit is a collaboration of Cascade Engineering and AMCS Group of Limerick, Ireland. AMCS has best-in-class on-board technology for refuse vehicles. In short, that means our technology sets an industry standard. This innovative technology has been in use every day in the solid waste industry since 2003. Currently, Capturit has systems on over 1,000 trucks and 5 million containers worldwide. Closer to home, Capturit has systems on 100 trucks in the United States. The Capturit/AMCS collaboration taps into the strengths of each company to position Capturit as the only provider of turn-key solutions for on-board systems that include:

- Container tagging with RFID and management of data
- GPS
- RFID readers and antennas
- Real-time data transfer to and from the trucks
- On-board computers
- Weighing
- System Installation
- Applied Intelligence

The Capturit systems will allow U.S.



and Canadian municipalities and haulers to:

Increase landfill diversion. By tracking participation rates and volumes by waste streams (how much waste generated by types: trash, recycling and organics), it is possible to reduce volumes destined to landfills. Data collected by tracking these trends can be used to direct marketing and education programs to encourage recycling and better waste management at the household and commercial user level.

Boost customer satisfaction. Using real-time verification that a customer has been serviced or when the collection vehicle will be in their area adds value to both the operation and the customer.

Optimize the routing of refuse trucks. Reducing the number of trucks on the street improves fuel efficiency and reduces the carbon footprint for waste collection.

Implement and manage “Pay as You Throw” programs. PAYT programs are programs geared toward equitable billing for refuse collection services. In these “pay for trash” models, the heavy users pay more for refuse collection service than their neighbors who are good recyclers. These programs can charge by weight of materials discarded, size of the container used or when waste is collected versus a flat rate, pay-in-advance model. These programs provide an economic incentive system where residents can reduce their refuse collection costs by recycling more.

Implement and manage incentive-based recycling programs. Providing financial incentives such as coupons or discounts based on how much a resident recycles encourages participation in environmentally-conscious living. RecycleBank uses Capturit systems to gather necessary data to run their program in ten cities.

THE VALUE OF HOPE: AUTOMOTIVE REBOUND

In a real, though cautious, spring of hope, 2010 saw a resurgence of the automotive industry. With two of North America's major automotive original equipment manufacturer's (OEMs) surviving bankruptcy, production rose from 8.5 million units to a sustainable level of 10.5 million. Prior to the upswing, Cascade Engineering's Automotive Solutions weathered lean times by following a strategic plan to serve as a niche player in certain technologies. They also joined forces with a larger team, the Transportation Group, bringing Cascade Engineering's Automotive Solutions together with CK Technologies and Cascade Engineering Europe. This alliance has paved the way for greater sharing of Sustainable Green Technologies such as in-mold coating (IMC), which can be applied to the North American auto market. Opportunities such as this are catalysts that fuel value through team sharing and cross-applications of processes and products for the collective good.

Another positive profitability practice for Automotive Solutions is our steadily increasing innovation that allows use of recycled materials. Our interior dashmat products, for example, use new thermoplastic olefin formulas made from recycled polypropylene harvested from reclaimed battery cases. These automotive sound-reducing products represent more than 50% of sales in our division. Reducing our costs while increasing use of reclaimed and recycled materials gives us an advantage over the competition. We also have a complete wheel house liner assembly that is manufactured using 100% recycled polypropylene.

It is clear that sustainable products and technologies are key elements to growing value for our future. The automotive OEMs are looking for suppliers offering environmentally-positive products. The Cascade Family of Companies has the desire and the ability to innovate and produce these products, creating a long-term growth strategy for our Automotive Solutions group.

Another key to creating value for the future can be found in adaptability. All aspects of business must be flexible and responsive to change. An illustration of these principles at work can be seen by looking back at a case in point illustration from one of our companies in 2010, and how they responded.



Cascade Engineering's Dashmat –
an innovative, sound-reducing product
for the automotive industry.

ANNUAL SCORECARD

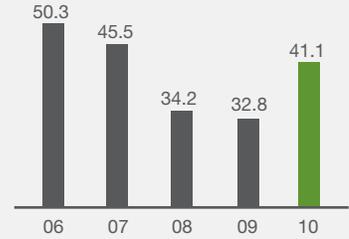
WATER CONSUMPTION
(cubic feet in millions)



SALES DOLLARS PER KILOWATT HOUR



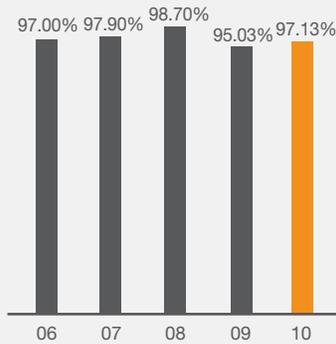
GREENHOUSE GAS EMISSIONS
(metric tons of CO2 equivalent in thousands)



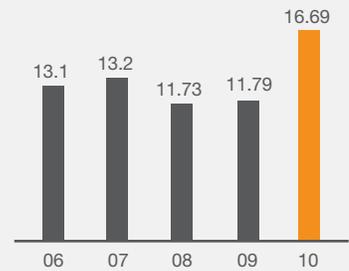
CONTRIBUTIONS
(in thousands)



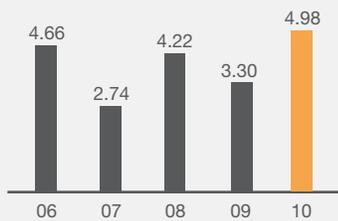
WELFARE-TO-CAREER RETENTION
(monthly)



AVERAGE HOURS OF TRAINING
(per employee)



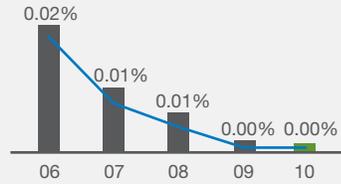
INCIDENT RATE
(rates per 100,000 hours worked)



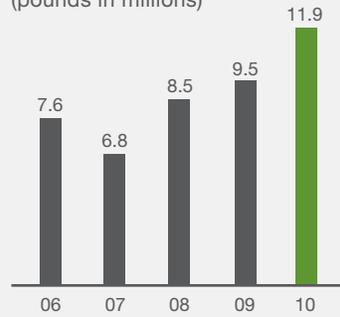
LOST/RESTRICTED WORKDAY RATE
(rates per 100,000 hours worked)



LANDFILL COSTS
(% to sales)



USE OF POST-CONSUMER AND INDUSTRIAL RECYCLED MATERIAL
(pounds in millions)



TAXES PAID
(in millions)



CASCADE FAMILY OF COMPANIES





Certified



Corporation

bcorporation.net



CASCADE
engineering

The Cascade Family of Companies

3400 Innovation Court
Grand Rapids, MI 49512
P 616.975.4800 F 616.254.4174
info@cascadeng.com

www.cascadeng.com

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