

CASCADE CORP  
Form DEF 14A  
April 21, 2009  
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## SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.    )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CASCADE CORPORATION**

(Name of Registrant as Specified In Its Charter)

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

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No fee required

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed: "

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**NOTICE OF ANNUAL MEETING**

Fellow Shareholders:

Cascade Corporation's 2009 Annual Meeting will take place on Tuesday, June 2, 2009, at 10:00 a.m., Pacific Daylight Time, at our corporate headquarters, 2201 N.E. 201<sup>st</sup> Avenue, Fairview, Oregon, 97204-9718, for the following purposes:

1. To elect two directors to serve three-year terms.
  
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010.
  
3. To transact such other business as may properly come before the meeting or any postponement or adjournment of the meeting. Shareholders of record at the close of business on April 3, 2009 will be entitled to receive notice of, attend, and vote at the meeting.

Your vote is important. Whether or not you plan to attend in person, we urge you to promptly vote your shares by telephone, by the Internet or, if this proxy statement was mailed to you, by returning the enclosed proxy card in order that your vote may be cast at the Annual Meeting.

Cordially,

James S. Osterman

Chairman

Portland, Oregon

March 31, 2009

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**PROXY STATEMENT**

**GENERAL INFORMATION**

Under rules adopted by the U.S. Securities and Exchange Commission ( SEC ), we are furnishing proxy materials to our shareholders on the Internet, rather than mailing printed copies of those materials to each shareholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability will instruct you as to how you may access and review the proxy materials on the Internet. The Notice of Internet Availability also instructs you as to how you may vote your shares. If you received a Notice of Internet Availability by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability. We anticipate that the Notice of Internet Availability will be mailed to stockholders on or about April 21, 2009.

This Proxy Statement, which is first being released to shareholders on April 21, 2009, is furnished in connection with the solicitation of proxies by our Board of Directors ( Board ) to be used at the annual meeting of shareholders to be held at our corporate headquarters, 2201 N.E. 201 Avenue, Fairview, Oregon, 97024-9718, at 10:00 a.m., Pacific Daylight Time, on June 2, 2009.

We will bear the entire cost of proxy solicitation, which will be primarily by mail or electronically. Proxies may also be solicited personally or by telephone by our directors, officers and employees without additional compensation. We will ask brokers, custodians, nominees and other record holders to prepare and send a Notice of Internet Availability of Proxy Materials to those for whom they hold shares and forward copies of the proxy materials to beneficial owners who request paper copies and will reimburse them for their reasonable expenses.

Our Board has fixed the close of business on April 3, 2009, as the record date for determining the holders of our common shares that are entitled to notice of, and to vote at, the annual meeting. At the close of business on April 3, 2009, 10,852,530 common shares were outstanding. Each common share is entitled to one vote on all matters that properly come before the annual meeting. A quorum of shareholders will be established at the meeting if a majority of our outstanding common shares entitled to vote are present or represented by proxy.

If you own your shares through a broker, bank or other nominee and do not participate in electronic delivery of proxy materials, you will receive only one copy of our proxy materials if you share a single address with another shareholder unless we received instructions to the contrary from you. This practice, known as householding, is designed to eliminate duplicate mailings, conserve natural resources and reduce our printing and mailing costs. You can request to receive a separate Proxy Statement by contacting the institution that holds your shares.

***Methods of Voting***

You have three options for submitting your vote prior to the annual meeting:

via the Internet at [www.proxyvote.com](http://www.proxyvote.com);

by phone (please see your proxy card for instructions); or

by requesting, completing and mailing in a paper proxy card, as outlined in the Notice of Internet Availability.

We encourage you to register your vote via the Internet. If you attend the annual meeting, you may also submit your vote in person, and any votes that you previously submitted, whether via the Internet, by phone or by mail, will be superseded by the vote that you cast at the annual meeting. Whether your proxy is submitted via the

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Internet, by phone or by mail, if it is properly completed and submitted and if you do not revoke it prior to the annual meeting, your shares will be voted at the in the manner set forth in this Proxy Statement or as otherwise specified by you.

You may revoke your proxy at any time before it is voted at the meeting. To revoke your proxy, you must:

enter a new vote by telephone, over the Internet, or by signing and returning another proxy card at a later date;

provide written notice of the revocation to Joseph G. Pointer, Secretary, at Cascade Corporation, 2201 N.E. 201<sup>st</sup> Avenue, Fairview, Oregon, 97204-9718; or

attend the meeting and vote in person.

Please note that if a broker, bank or other nominee is the record holder of your shares and you wish to vote at the annual meeting, you must bring to the meeting a letter from the record holder confirming your beneficial ownership of the shares. If a broker, bank or other nominee is the record holder of your shares and you wish to revoke your proxy, you must contact the record holder of your shares directly.

***Votes Required for the Proposals***

The election of directors (Proposal 1) will be determined by a plurality of the votes cast. Plurality means that the individuals who receive the highest number of votes are elected as directors, up to the number of directors to be chosen at the meeting. Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010 (Proposal 2), requires the affirmative vote of a majority of the votes cast. Abstentions or broker non-votes will have no effect on the required vote on any matter.

If you return a signed proxy without instructions, your shares will be voted in accordance with the recommendation of our Board FOR all nominees for election as directors and FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm. If your shares are held in street name and you do not instruct your broker on how to vote your shares, your broker, in its discretion, may either leave your shares unvoted or vote your shares on routine matters. Proposal 1 and Proposal 2 are routine matters.

***Quorum Requirement***

A quorum, which is a majority of the outstanding shares entitled to vote as of the record date, April 3, 2009, must be present in order to hold the meeting and to conduct business. Shares are counted as being present if you vote in person at the meeting, by telephone, over the Internet, or by submitting a properly executed proxy card. Abstentions are counted as present for the purpose of determining a quorum.

**PROPOSAL 1: ELECTION OF DIRECTORS**

Our Board currently consists of seven directors, which our Bylaws divide into three groups. The term of office of one group expires at each annual meeting. This year the terms of Duane C. McDougall and James S Osterman expire. Each is nominated to a term ending in 2012.

**NOMINEES**

**DUANE C. McDOUGALL**

Director since 2002

Age 57

Mr. McDougall has been Chairman and Chief Executive Officer of Boise Cascade, LLC, a privately-held manufacturer and distributor of wood products, since December 2008. He served as President and Chief Executive Officer of Willamette Industries, Inc., an international forest products company, from 1998 to 2002.





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Prior to becoming President and Chief Executive Officer, Mr. McDougall served as Chief Operating Officer, Chief Accounting Officer and in other positions during his 22 year tenure with Willamette Industries, Inc. He serves as a Director of the following publicly held companies: The Greenbrier Companies, Inc. and West Coast Bancorp.

JAMES S. OSTERMAN Director since 1994 Age 71  
 Mr. Osterman has been President and Chief Executive Officer and a Director of Blount International, Inc. (Blount), a diversified international manufacturing company, since 2002. He is also currently the Chairman of Blount. He served as President of Outdoor Products Group, Oregon Cutting Systems Division of Blount, Inc., from 1986 to 2002.

**Term Expires 2010**

NICHOLAS R. LARDY, Ph.D. Director since 1993 Age 63  
 Dr. Lardy became a Senior Fellow of the Peter G. Peterson Institute for International Economics, a policy research institution in Washington, D.C., in 2003. He served as a Senior Fellow at The Brookings Institution, also in Washington, D.C., from 1995 to 2003.

NANCY A. WILGENBUSCH, Ph.D. Director since 1997 Age 61  
 Dr. Wilgenbusch is President Emerita of and advisor for Marylhurst University. She previously served as President of Marylhurst University from 1984 to June 2008. She currently serves as a director of West Coast Bancorp and is a trustee of the Tax-Free Trust of Oregon.

**Term Expires 2011**

PETER D. NICKERSON Director since 2007 Age 51  
 Mr. Nickerson serves as a director of Growth-link Overseas Company, an investment enterprise based in Hong Kong with investments in China, Vietnam and India. Growth-link invests primarily in contract footwear manufacturing facilities, and to a lesser extent that industry's upstream and downstream infrastructure. Mr. Nickerson has been a director of Growth-link since 1988.

ROBERT C. WARREN, JR. Director since 1982 Age 60  
 Mr. Warren has served as our President and Chief Executive Officer since 1996. He was President and Chief Operating Officer prior to 1996, and was formerly Vice President Marketing. He is a Director of ESCO Corporation, a privately held manufacturer of high alloy steel products.

HENRY W. WESSINGER II Director since 1998 Age 55  
 Mr. Wessinger has been Vice President Senior Portfolio Manager of UBS Financial Services since 2006. Previously, he was Senior Vice President, Ragen MacKenzie, a Division of Wells Fargo Investments, LLC from 1990 to 2006. He serves as Treasurer of the Wessinger Foundation and Trustee of the Catlin Gabel School and Chair of its Endowment Committee.

*The Board unanimously recommends that you vote For each nominee.*



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**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed PricewaterhouseCoopers LLP to serve as Cascade's independent registered public accounting firm for the fiscal year ending January 31, 2010, and as a matter of good corporate governance we are asking shareholders to ratify this appointment. Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from shareholders. If the selection of PricewaterhouseCoopers LLP is not ratified, the Audit Committee will consider whether it should select another independent registered public accounting firm.

*The Board unanimously recommends a vote FOR the proposal to ratify the appointment of PricewaterhouseCoopers LLP as Cascade's independent registered public accounting firm for the fiscal year ending January 31, 2010.*

**CORPORATE GOVERNANCE AND OTHER BOARD MATTERS**

We are committed to conducting our operations in accordance with accepted principles of good corporate governance and to applying the highest standards of ethical and legal conduct in our business dealings. Our Corporate Governance Guidelines and our Code of Ethics & Business Responsibilities for Directors, Officers and Employees are available on our website at [www.cascorp.com](http://www.cascorp.com) and in print to any shareholder who requests them.

***Board Independence***

Our Corporate Governance Guidelines provide that a majority of the Board must meet the criteria for independence established by applicable law and the requirements of the New York Stock Exchange ( NYSE ). The Board has determined that all of the current directors other than Mr. Warren, our President and Chief Executive Officer, are independent in accordance with applicable law and NYSE requirements. In making its determination, the Board applied the following director independence standards, which reflect the NYSE director independence standards currently in effect:

No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with Cascade or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with Cascade or any of its subsidiaries);

A director who is an employee or whose immediate family member is an executive officer of Cascade or any of its subsidiaries is not independent. Such director will become independent three years after the end of such employment relationship;

A director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from Cascade or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent. Such director will become independent three years after he or she ceases to receive more than \$120,000 per year in such compensation;

A director who is a partner or employee of a firm that is Cascade's internal or external auditor, whose immediate family member is a partner of that firm, whose immediate family member is an employee of that firm who personally works on Cascade's audit, or who, within the last three years, was a partner or employee of that firm and personally worked on Cascade's audit during that time or had an immediate family member who was a partner or employee of that firm who personally worked on Cascade's audit during that time, is not independent;

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A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of Cascade's or any of its subsidiaries' present executives serve on that company's compensation committee is not independent. Such director will become independent three years after the end of such service or the employment relationship; and

A director who is an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, Cascade or any of its subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after such payments cease to exceed such threshold.

The Board has also determined that those directors who serve on the Audit, Compensation and Nominating and Governance Committees of the Board are independent in accordance with applicable law and NYSE requirements. In making its determination with respect to Mr. Wessinger, the Board considered the business relationship between Mr. Warren personally and Mr. Wessinger arising from Mr. Wessinger's position as Vice President Senior Portfolio Manager of UBS Financial Services and concluded that the relationship was not material to Mr. Wessinger's independence.

***Board Committees and Meetings***

The Board currently has standing Audit, Compensation and Nominating and Governance Committees. During the year ended January 31, 2009, each director attended at least 75% in aggregate of the meetings of the Board and committees on which he or she served. The members of the committees and the number of meetings held during the year are identified in the following table.

| <b>Director</b>       | <b>Board</b> | <b>Audit</b> | <b>Nominating<br/>and Governance</b> | <b>Compensation</b> |
|-----------------------|--------------|--------------|--------------------------------------|---------------------|
| Nicholas R. Lardy     | X            | X            | X                                    | X (Chair)           |
| Duane C. McDougall    | X            | X (Chair)    | X                                    | X                   |
| Peter D. Nickerson    | X            | X            | X                                    | X                   |
| James S. Osterman     | X (Chair)    | X            | X                                    | X                   |
| Robert C. Warren, Jr. | X            |              |                                      |                     |
| Henry W. Wessinger II | X            | X            | X (Chair)                            | X                   |
| Nancy A. Wilgenbusch  | X            | X            | X                                    | X                   |
| Number of meetings    | 5            | 4            | 3                                    | 3                   |

Directors are encouraged to attend the annual meeting of shareholders, absent unavoidable circumstances which do not permit attendance. All directors attended the 2008 annual meeting of shareholders.

***Audit Committee***

The Audit Committee assists the Board with oversight of the integrity of our financial statements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm and our compliance with legal and regulatory requirements. The Audit Committee is also charged with the responsibility for satisfying itself regarding the following:

Our system of internal controls is reasonably adequate and is operating effectively;

Our systems, procedures and policies provide reasonable assurance that financial information is fairly presented;

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Overall annual audit coverage is satisfactory and is designed to provide reasonable assurance that our financial statements fairly reflect our financial condition and the results of our operations;

Appropriate standards of business conduct are established and observed.

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The Audit Committee also conducts an annual evaluation of its performance in fulfilling its duties and responsibilities. The report of the Audit Committee is included in this proxy statement. The charter of the Audit Committee is available at [www.cascorp.com](http://www.cascorp.com) and in print to any shareholder who requests it.

Each member of the Audit Committee is independent in accordance with applicable SEC rules and NYSE requirements. The Board has determined that Mr. McDougall qualifies as an audit committee financial expert as defined in the rules of the SEC.

### ***Compensation Committee***

The Compensation Committee provides assistance to the Board in fulfilling its responsibilities related to the compensation of the directors and key management personnel of Cascade. The Compensation Committee is authorized to delegate its authority to subcommittees it may form. Each member of the Compensation Committee is independent in accordance with the requirements of the NYSE. Specific responsibilities of the Compensation Committee include:

Reviewing and discussing with management the Compensation Discussion and Analysis and other executive compensation disclosures included in our proxy statement and issuing an annual report on executive compensation in connection therewith;

Annually reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer ( CEO );

Evaluating the CEO s performance and making recommendations regarding the CEO's compensation level based on the evaluation for approval by the independent members of the Board;

Reviewing and making recommendations to the Board with respect to the compensation of our key management personnel and directors;

Reviewing and making recommendations to the Board with respect to our incentive and equity based compensation plans;

Conducting an annual evaluation of the Compensation Committee's performance in fulfilling its duties and responsibilities;

Making regular reports to the Board.

The report of the Compensation Committee is included in this proxy statement. The charter of the Compensation Committee is available on our website at [www.cascorp.com](http://www.cascorp.com), and in print to any shareholder who requests it.

### ***Nominating and Governance Committee***

The Nominating and Governance Committee provides oversight on issues surrounding the composition and operation of the Board. Specific responsibilities of the Nominating and Governance Committee include:

Identifying individuals qualified to serve on the Board.

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Recommending director nominees to the Board for election at our annual meeting of shareholders or for appointment by the Board to fill existing or newly created vacancies on the Board.

Identifying members of the Board to serve on and to chair each Board committee.

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Developing and revising as appropriate our Corporate Governance Guidelines.

Recommending such guidelines or revisions to the Board.

Reviewing the charters of each Board committee and, when necessary or appropriate, recommending changes in such charters to the Board.

Overseeing the annual evaluation by the Board of itself and its members.

Overseeing the Board's evaluation of management.

Conducting an annual evaluation of its performance in fulfilling its duties and responsibilities.

Making regular reports to the Board.

Monitoring the development of best practices regarding corporate governance.

Taking a leadership role in shaping corporate governance.

Each member of the Nominating and Governance Committee is independent in accordance with the requirements of the NYSE. The charter of the Nominating and Governance Committee is available on our website at [www.cascorp.com](http://www.cascorp.com), and in print to any shareholder who requests it.

The policy of the Nominating and Governance Committee is to consider recommendations for director nominees submitted by shareholders. Shareholders requesting the Nominating and Governance Committee to consider their recommendations for nominees should submit their recommendations, together with appropriate biographical information and qualifications, in writing to the Nominating and Governance Committee. Nominee recommendations should be addressed to:

Corporate Secretary

Cascade Corporation

Post Office Box 20187

Portland, OR 97294-0187

Our Corporate Governance Guidelines contain Board membership criteria that apply to nominees recommended by the Nominating and Governance Committee. Under these criteria, nominees should possess the highest personal and professional ethics, a background and expertise useful to Cascade and complementary to and different from the background of the other directors and a willingness to devote the required time to the duties and responsibilities of Board membership. In fulfilling its responsibility to identify individuals qualified to serve on the Board and recommending to the Board nominees for election at our annual meeting of shareholders or for appointment by the Board to fulfill an existing or newly created vacancy on the Board the Nominating and Governance Committee evaluates the Board's effectiveness and composition. This includes consideration of the business and professional backgrounds of directors, their age, current employment, community service and other



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board service, as well as the racial, ethnic and gender diversity of the Board.

When nominating a candidate to fill a vacancy created by the expiration of the term of a member of the Board, the Nominating and Governance Committee determines whether the incumbent director is willing to stand for re-election. If so, the committee evaluates his or her performance in office to determine suitability for continued service, taking into consideration the value of continuity and familiarity with our business, the director's history of attendance at board and committee meetings and the director's preparation for and participation in such meetings. When nominating a candidate to fill a vacancy where the committee has determined that an incumbent director should not or is not willing to stand for re-election or where the need to

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add a new board member has been identified, the Committee initiates a candidate search by seeking input from members of the Board and senior management, considering recommendations submitted by shareholders and hiring a search firm, if necessary.

The nominating process begins by identifying a candidate or group of candidates, including any candidates who may be submitted by shareholders, who will satisfy specific criteria and otherwise qualify for membership on the Board. These candidates are then presented to the Nominating and Governance Committee, which ranks the candidates. The Chairman, the CEO and at least one member of the Nominating and Governance Committee interview the prospective candidate or candidates. Other Board members are offered the opportunity to interview candidates. The Nominating and Governance Committee then meets to consider and approve the final candidate or candidates and to recommend and seek the endorsement of the full Board.

***Executive Sessions***

Non-management directors meet in executive session without management in conjunction with at least one Board meeting each quarter and may also meet at other times. Mr. Osterman, as our Chairman, presides at all executive sessions.

***Contacting the Board***

Individuals may contact the Board as a group or an individual director at the following mailing address:

Board of Directors

Attention: Corporate Secretary

Cascade Corporation

Post Office Box 20187

Portland, OR 97294-0187

The name of the individual director or group of directors to whom the communication is directed should be clearly specified. Communications will be promptly forwarded by the Corporate Secretary to the specified director or to Mr. Osterman if the communication is addressed to the full Board. Shareholders wishing to submit proposals for inclusion in the Proxy Statement relating to the 2010 Annual Meeting of Shareholders should follow the procedures specified under *Shareholder Proposals for 2010 Annual Meeting* . Shareholders wishing to recommend nominees for the Board should follow the procedures specified under *Corporate Governance and Other Board Matters* *Nominating and Governance Committee*.

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The following table summarizes the compensation paid to our non-employee directors for the fiscal year ended January 31, 2009:

| Name                   | Fees Earned<br>or Paid in<br>Cash | Stock Awards<br>(1) (2) | Option<br>Awards (1) | Non-Equity<br>Incentive Plan<br>Compensation | Change in<br>Pension Value<br>and Nonqualified<br>Deferred<br>Compensation<br>Earnings | All Other<br>Compensation (3) | Total      |
|------------------------|-----------------------------------|-------------------------|----------------------|--|--|-------------------------------|------------|
| Nicholas R. Lardy      | \$ 49,500                         | \$ 24,752               | \$ 22,858            |  |  | \$ 1,449                      | \$ 98,559  |
| Duane C. McDougall     | \$ 55,500                         | \$ 24,752               | \$ 22,858            |  |  | \$ 1,449                      | \$ 104,559 |
| Peter D. Nickerson (4) | \$ 43,500                         | \$ 9,748                | \$                   |  |  | \$ 813                        | \$ 54,061  |
| James S. Osterman      | \$ 93,000                         | \$ 24,752               | \$ 22,858            |  |  | \$ 1,449                      | \$ 142,059 |
| Henry W. Wessinger II  | \$ 49,500                         | \$ 24,752               | \$ 22,858            |  |  | \$ 1,449                      | \$ 98,559  |
| Nancy A. Wilgenbusch   | \$ 43,500                         | \$ 24,752               | \$ 22,858            |  |  | \$ 1,449                      | \$ 92,559  |

- (1) Amounts reflect the expense recognized for accounting purposes calculated in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment (SFAS 123R) with respect to awards of restricted shares of Cascade common stock granted in fiscal 2009 and 2008 and stock appreciation rights ( SARs ) granted in fiscal 2007, 2006 and 2005.
- (2) Each non-employee director received an award of 1,356 shares of restricted stock on June 6, 2008 with a grant date fair value of \$44.24 per share.
- (3) Amounts reflect dividends received on restricted stock issued June 6, 2008 and June 8, 2007.
- (4) Mr. Nickerson was elected to our Board in December 2007.
- At January 31, 2009, the non-employee directors had the following outstanding SAR and restricted stock awards:

| Name                  | Outstanding SAR Awards | Outstanding Shares of<br>Restricted Stock Awards |
|-----------------------|------------------------|--|
| Nicholas R. Lardy     | 10,400                 | 2,170  |
| Duane C. McDougall    | 10,400                 | 2,170  |
| Peter D. Nickerson    |                        | 1,356  |
| James S. Osterman     | 10,400                 | 2,170  |
| Henry W. Wessinger II | 4,625                  | 2,170  |
| Nancy A. Wilgenbusch  | 10,400                 | 2,170  |

Annual retainers received by directors are as follows:

| Current | Effective<br>June 1, 2009 (1) |
|---------|-------------------------------|
|---------|-------------------------------|

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| Chairman of the Board                   | \$ 75,000 | \$ 67,500 |
| Audit Committee Chair                   | 36,000    | 32,400    |
| Compensation Committee Chair            | 30,000    | 27,000    |
| Nominating & Governance Committee Chair | 30,000    | 27,000    |
| Other                                   | 24,000    | 21,600    |

(1) Represents a 10% reduction in annual retainer approved by the Board due to current business economic conditions.

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Non-employee directors also receive \$1,500 for each Board and committee meeting attended. Under the Cascade Corporation Stock Appreciation Rights and Restricted Stock Plan approved by our shareholders, each non-employee director is awarded restricted shares totaling \$60,000 in value following each annual meeting of shareholders. Restricted shares vest over a four year period. The directors are reimbursed for travel and other expenses attendant to Board membership.

**FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Fees billed for professional services performed by PricewaterhouseCoopers LLP for fiscal years ended January 31, 2009 and 2008 were as follows:

|  | 2009         | 2008         |
|--|--------------|--------------|
| Audit fees (1)                                 | \$ 1,591,000 | \$ 1,593,000 |
| Audit -related fees (2)                        | 51,000       | 50,000       |
| Tax return preparation and planning activities | 75,000       | 86,000       |
| Other tax fees (3)                             | 84,000       | 15,000       |
| All other fees                                 | 20,000       | 33,000       |
|  | \$ 1,821,000 | \$ 1,777,000 |

(1) Audit fees represent fees for professional services provided in connection with the audit of our consolidated financial statements and review of our quarterly consolidated financial statements, audit of management's assessment of internal control effectiveness and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees consisted primarily of accounting consultations, employee benefit plan audits and other attestation services.

(3) Tax fees consisted of transfer pricing services and international, federal and state tax advice.

Under its charter, the Audit Committee must pre-approve all auditing services and permitted non-audit services, including fees and terms, to be performed by our independent registered public accounting firm, unless an exception to pre-approval for *de minimus* non-audit services exists under the Securities Exchange Act of 1934. Each year, the independent registered accounting firm's retention to audit our financial statements, including the associated fee, is approved by the Audit Committee before the filing of the preceding year's annual report on Form 10-K. At the beginning of each fiscal year, management submits to the Audit Committee a summary of all proposed non-audit services expected to be performed by the independent registered public accounting firm in the next year, including a brief description of the project and an estimated project cost. The Audit Committee approves the summary as submitted or with such changes to the scope and nature of work to be performed as it deems desirable. Additional non-audit services identified during the year are submitted to the Audit Committee for approval at the next quarterly Audit Committee meeting. If the services are scheduled to commence prior to the next quarterly meeting, management obtains approval from the Chair of the Audit Committee to proceed with the services. The Chair of the Audit Committee makes the determination at interim dates of whether approval of the entire Audit Committee is needed. In the event the Chair of the Audit Committee is not available to approve non-audit services, a designated Vice-Chair of the Audit Committee can approve such services or determine if approval of the entire Audit Committee is needed. Any approval of non-audit services by the Chair or Vice-Chair of the Audit Committee is reported to the full Audit Committee at each of its scheduled meetings.

Since May 6, 2003, the effective date of the Securities and Exchange Commission rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each new engagement of PricewaterhouseCoopers LLP was approved in advance by the Audit Committee and none of those engagements made use of the *de minimus* exception to pre-approval.



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**AUDIT COMMITTEE REPORT**

The Audit Committee of the Board of Directors is established pursuant to our Bylaws and its activities are governed by a written charter that is available on our website, *www.cascorp.com*. The current members of the Audit Committee are Mr. McDougall, Dr. Lardy, Mr. Nickerson, Mr. Osterman, Mr. Wessinger and Dr. Wilgenbusch. Each member of the Audit Committee is independent as defined under the applicable rules of the NYSE and the Securities and Exchange Commission. The Board of Directors has determined that Mr. McDougall qualifies as an "audit committee financial expert" as defined in the rules of the Securities and Exchange Commission.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for general oversight of the integrity of our financial statements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm and our compliance with legal and regulatory requirements. The Audit Committee is also charged with the responsibility for satisfying itself that our system of internal controls is reasonably adequate and is operating effectively, that our systems, procedures and policies provide reasonable assurance that financial information is fairly presented, overall annual audit coverage is satisfactory and is designed to provide reasonable assurance our financial statements fairly reflect our financial condition and the results of our operations and appropriate standards of business conduct are established and observed.

Management is responsible for our internal controls and financial reporting. PricewaterhouseCoopers LLP, our independent registered public accounting firm, is responsible for auditing our annual consolidated financial statements in accordance with auditing standards of the Public Company Accounting Oversight Board (the PCAOB) and for issuing a report on those financial statements.

In this context, we report that in discharging our responsibilities and in addition to other work, we:

Reviewed and discussed with management and PricewaterhouseCoopers LLP our annual consolidated financial statements for the fiscal year ended January 31, 2009, as well as matters related to our internal controls and overall quality of financial reporting.

Reviewed the PricewaterhouseCoopers LLP audit plan for the fiscal year ended January 31, 2009.

Discussed with PricewaterhouseCoopers LLP the matters that Statement on Auditing Standards No. 61 (Communications with Audit Committees) as amended, as adopted by the PCAOB in Rule 3200 requires them to discuss with us.

Received written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the PCAOB regarding communications with the Audit Committee concerning their independence from Cascade, and we have discussed with PricewaterhouseCoopers LLP their independence from Cascade.

Considered whether PricewaterhouseCoopers LLP's non-audit services were compatible with maintaining their independence from Cascade.

Based on the review and discussion referred to above, we recommended to the Board, and the Board approved, that the audited annual consolidated financial statements for the fiscal year ended January 31, 2009 be included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2009 for filing with the Securities and Exchange Commission.

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The Audit Committee appointed PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010, and recommends to the shareholders of Cascade that they ratify the appointment.

### **AUDIT COMMITTEE**

Duane C. McDougall, Chair

Nicholas R. Lardy

Peter D. Nickerson

James S. Osterman

Henry W. Wessinger II

Nancy A. Wilgenbusch

## **EXECUTIVE COMPENSATION**

### ***Compensation Discussion and Analysis***

#### **Overview**

This Compensation Discussion and Analysis section describes our compensation philosophy, practices, and policies for our principal executive officer, principal financial officer and our three other most highly-compensated officers for our fiscal year ended January 31, 2009. These officers, referred to as named executive officers or NEOs are: Robert C. Warren, Jr., President and Chief Executive Officer; Richard S. Anderson, Senior Vice President and Chief Operating Officer; Jeffrey K. Nickoloff, Vice President Corporate Manufacturing; Joseph G. Pointer, Vice President and Chief Financial Officer and Michael E. Kern, Vice President Construction Attachment Division. This section also explains the structure and rationale associated with each element of NEO total compensation, and it provides important context for the detailed disclosure tables and specific compensation amounts contained in this proxy statement.

#### **Compensation Committee**

The Compensation Committee of our Board consists of six directors, all of whom are independent in accordance with NYSE requirements. Nicholas R. Lardy, Ph.D., serves as the Chair of the Compensation Committee. The other members of the Compensation Committee are Duane C. McDougall, Peter D. Nickerson, James S. Osterman, Henry W. Wessinger II, and Nancy A. Wilgenbusch, Ph.D. The Compensation Committee is appointed by, and provides assistance to, the Board in fulfilling its responsibilities relating to the compensation of our executive officers and directors. Additional information regarding the Compensation Committee can be found in this proxy statement under Corporate Governance and Other Board Matters Compensation Committee.

#### **Compensation Philosophy and Objectives**

We believe our success is largely dependent on our ability to attract and retain superior executive talent with demonstrated leadership abilities and extensive management experience. We also believe motivating and rewarding our executives for high levels of performance contributes to long-term shareholder value. Accordingly, we seek to attract and retain executive talent by providing market-competitive base compensation and to reward executives for producing superior results. We do so by evaluating executive performance on the basis of two key financial measures, income before taxes and return on average assets, which we believe are closely correlated to building shareholder value.

Our basic compensation philosophy is divided into three areas: base salary, annual cash incentive and long-term incentive.





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**Base Salary** We establish the base salaries of our NEOs at levels that approximate the market median or mean for executives with like responsibilities in a peer group of comparable companies as discussed under **Determination of Compensation Levels**, with adjustments for variations in executive experience and performance. Despite our use of market salary data, individual salary determinations reflect the qualifications, experience and performance of the individual NEO and the value of the individual to our business.

**Annual Cash Incentive** We believe our NEOs, who are directly responsible for our global performance, should have a significant portion of their potential cash compensation at risk. Therefore, our annual cash incentive program rewards NEOs for meeting or exceeding designated levels of income before taxes and cash flows established by the Board.

**Long-Term Incentive** We believe providing a long-term incentive, in the form of stock-based compensation, will encourage our NEOs to operate our business with a longer-term focus by seeking to maximize net income relative to our existing assets and acquiring additional assets with superior income potential. We also believe that a long-term incentive promotes retention of future leaders in line with our succession planning efforts.

**Total Direct Compensation** In evaluating overall compensation, the Compensation Committee believes the combination of base salary, annual cash incentive and long-term incentive, when compared to executives with like responsibilities in comparable companies and industries, should be in the 50<sup>th</sup> to 75<sup>th</sup> percentile when our performance is judged to be good, and above the 75<sup>th</sup> percentile when performance is judged to be outstanding or excellent.

### **Compensation Consultants**

The Compensation Committee has in the past engaged a compensation consultant to provide guidance on executive compensation plan design and structure, prepare market competitive compensation data and recommend appropriate compensation ranges. In fiscal 2009 the Compensation Committee retained Mercer HR Consulting ( Mercer ) to prepare an executive compensation market analysis of base pay, annual incentive and total direct compensation. The Compensation Committee selected Mercer based on its position as a recognized market leader in global compensation consulting. Mercer is independent and reports directly to the Compensation Committee.

### **Role of Executives in Compensation Committee Activity**

The Compensation Committee is responsible for and makes all decisions regarding compensation for our NEOs. The Compensation Committee's normal practice is to request the CEO and Vice President Human Resources to attend Compensation Committee meetings for the purpose of providing information on company and individual performance. Occasionally other executives may be invited to attend a Compensation Committee meeting to provide pertinent financial and other information. Our CEO is not a Compensation Committee member and while able to provide his insights and suggestions, does not vote on decisions regarding NEO compensation.

With respect to the compensation of the CEO, the Compensation Committee discusses its evaluation of the CEO's performance and compensation with him, but the final determination and all votes regarding his compensation are made without the CEO present.

### **Compensation Committee Activity**

During fiscal 2009, the Compensation Committee met three times to consider and act on the following issues:

Recommend Board approval of annual cash incentive payments for fiscal 2008 and establish performance measures for awards under the fiscal 2009 annual cash incentive plan.

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Evaluate and recommend to the Board levels of annual base salaries for fiscal 2010 for executive and other officers, including the NEOs, in light of the economic downturn then apparent. The Committee approved fiscal 2010 annual base salaries that were consistent with fiscal 2009 levels.

Evaluate the CEO's performance and identify new corporate performance objectives.

Recommend Board approval of compensation arrangements for newly appointed officers.

Review performance of our stock appreciation rights and restricted stock plan through comparing actual return on average assets ( ROAA ) relative to established ROAA targets and approve grants of restricted stock and stock appreciation rights for executive officers, officers and other senior managers.

Establish ROAA targets under our stock appreciation rights and restricted stock plan for fiscal year 2009.

Evaluate the Compensation Committee's performance for the past year.

Review of director compensation levels in relation to a public company peer group.

**Determination of Compensation Levels**

Overall compensation levels of NEOs are based on a number of factors including the individual's experience, expertise, position and responsibility level, pay levels of peers with comparable responsibility within Cascade, competitive pay levels for similar positions with other companies and the performance of the individual and Cascade as a whole. In determining pay levels, the Compensation Committee considers all forms of compensation and benefits and uses outside consultant surveys and guidance to assist with the evaluation.

Mercer conducted a review of executive compensation in fiscal 2009 and provided guidance and advice to the Compensation Committee in establishing executive pay levels. Mercer's work included both an analysis of peer group compensation as described in more detail later and a review of data from appropriate compensation surveys. Survey data covered base pay, annual incentive and long-term incentive.

In making compensation decisions, a major data source used by the Compensation Committee, in establishing market competitive pay levels for executive and other officers, is the compensation information disclosed by a peer group of similar-size public companies in the industrial machinery and equipment manufacturing industry. Key measures used in selecting the peer group include annual revenue, market capitalization, total assets, number of employees and return on assets. The companies that made up the peer group for fiscal 2009 were (amounts, except for number of employees, are in millions):

## 2009 PEER GROUP (1)

| Name (Ticker Symbol)                 | Annual Revenue | Market Capitalization | Employees | Total Assets | Return on Assets (2) |
|--------------------------------------|----------------|-----------------------|-----------|--------------|----------------------|
| Actuant Corporation (ATU)            | \$ 1,540       | \$ 439                | 6,600     | \$ 1,728     | 7.1%                 |
| Alamo Group, Inc. (ALG)              | 504            | 116                   | 2,500     | 351          | 4.5%                 |
| Ampco-Pittsburg Corporation (AP)     | 347            | 123                   | 1,300     | 422          | 9.0%                 |
| Columbus McKinnon Corporation (CMCO) | 623            | 167                   | 3,200     | 591          | 7.7%                 |
| IDEX Corporation (IEX)               | 1,489          | 1,700                 | 5,800     | 2,176        | 7.8%                 |
| Lindsay Manufacturing Company (LNN)  | 475            | 316                   | 1,200     | 327          | 14.9%                |

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|                            |       |     |       |       |      |
|----------------------------|-------|-----|-------|-------|------|
| Nordson Corporation (NDSN) | 1,125 | 862 | 4,100 | 1,167 | 9.6% |
|----------------------------|-------|-----|-------|-------|------|

- (1) Financial information is based on the most recent annual results.
- (2) Return on assets calculated as net income divided by total assets.

**Table of Contents****Elements of Fiscal 2009 Executive Compensation**

The general framework of our executive compensation structure is outlined previously in Compensation Philosophy and Objectives. For fiscal 2009, the components of compensation for NEOs were base salary, annual cash incentive compensation, long-term equity incentive compensation and perquisites and other personal benefits.

**Base Salary** Base salaries are reviewed by the Compensation Committee on an annual basis and adjustments made as deemed appropriate. Base salary increases for fiscal 2009 were approved by the Compensation Committee in November 2007. The following table shows base salaries for fiscal 2009 and 2008:

| NEO               | 2008       | 2009       |
|-------------------|------------|------------|
| R. C. Warren, Jr. | \$ 500,000 | \$ 540,000 |
| R. S. Anderson    | 290,000    | 300,000    |
| J. G. Pointer     | 200,000    | 219,000    |
| J. K. Nickoloff   | 180,000    | 186,000    |
| M. E. Kern        | 165,000    | 175,000    |

The salary increases for fiscal 2009 were approved by the Compensation Committee to maintain base salaries that approximated the market mean or median for executives with like responsibilities at our peer group companies.

**Annual Cash Incentive** Annual cash incentive payments are structured to encourage the building of shareholder value by maximizing our income before taxes. NEOs receive a specified percentage (depending on position) of pre-tax income before non-recurring income or expense items, incentive payments and certain other expenses ( AIBT ) once AIBT exceeds a threshold level. The percentage of AIBT each NEO is entitled to receive increases if AIBT exceeds a target level and increases again if AIBT exceeds a maximum level. There is an upper AIBT limit beyond which the NEOs receive no additional incentive payments. AIBT threshold levels are established based on several factors, including our historical levels of AIBT, current market conditions and expectations for growth. The Compensation Committee's and Board's desire is for the threshold levels to reflect a stretch goal after considering these factors.

In June 2008 the Compensation Committee approved the following AIBT limits and ranges for fiscal 2009:

| Level                         | AIBT          | Increase<br>From 2008<br>AIBT Level | AIBT Range             |
|-------------------------------|---------------|-------------------------------------|------------------------|
| Threshold limit (lower limit) | \$ 55 million | 56%                                 | >\$ 55 to \$59 million |
| Target (mid-point)            | \$ 70 million | 56%                                 | >\$ 60 to \$79 million |
| Maximum limit (upper limit)   | \$ 88 million | 35%                                 | >\$ 80 to \$88 million |

The Compensation Committee increased AIBT levels for fiscal 2009 from those in fiscal 2008 to reflect the continued strength of our business as reflected by the increases in actual AIBT in recent years and to convey the Compensation Committee's and the Board's increased expectations for AIBT growth. Actual AIBT for purposes of determining annual cash incentive payments was \$80.3 million, \$75.2 million and \$66.5 million for fiscal 2008, 2007 and 2006, respectively.

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AIBT was \$58.2 million for fiscal 2009, a decrease of 28% from AIBT in fiscal 2008 of \$80.3 million. AIBT for fiscal 2009 excluded a \$46.3 million asset impairment charge. The table below shows, as a percentage of base salary, the award opportunities in fiscal 2009 for each NEO depending on the amount of AIBT and the NEOs' actual cash incentive award for 2009 as approved by the Compensation Committee on March 31, 2009:

| NEO             | Annual incentive opportunity for Fiscal 2009<br>as % of Fiscal 2009 Base Salary |        |                  | Actual Award as a %<br>of Base Salary for<br>Fiscal 2009 |                 |
|-----------------|---|--------|------------------|--|-----------------|
|                 | Threshold<br>Limit  | Target | Maximum<br>Limit | Performance  | Actual<br>Award |
| R.C. Warren Jr. | 34%   | 75%    | 150%             | (1)  |                 |
| R.S. Anderson   | 29%   | 65%    | 130%             | (1)  |                 |
| J.G. Pointer    | 25%   | 55%    | 110%             | 31%  | \$ 68,000       |
| J.K. Nickoloff  | 23%   | 50%    | 100%             | 28%  | \$ 52,000       |
| M. E. Kern      | 21%   | 47%    | 94%              | 26%  | \$ 45,000       |

- (1) Under the executive cash incentive plan for fiscal 2009, calculated incentive awards for Mr. Warren and Mr. Anderson were \$222,000 and \$106,000, respectively, but the Compensation Committee and the Board of Directors concurred with the recommendation of Mr. Warren and Mr. Anderson that they forego cash incentive awards for fiscal 2009 in view of the impairment charge to the year's income resulting from the writedown of goodwill and intangible assets of our construction attachment business.

The annual incentive program allows the Compensation Committee to adjust an individual's annual cash incentive award from 80% to 120% of the amount calculated based on individual performance. The Compensation Committee elected to not make any adjustments for individual performance in fiscal 2009 except for Mr. Warren and Mr. Anderson as described above.

**Long-term Incentive** Long-term incentive awards are provided to directors and key employees in the form of stock appreciation rights (SARs) and shares of restricted stock. A SAR provides the holder the right to receive an amount, payable in shares of our common stock, equal to the increase in the market value of our common stock on the date of exercise over the base price at the time the right was granted. The base price may not be less than the market price of our common stock on the date of grant. All SAR awards vest ratably over four years and have a term of ten years. An award of restricted stock provides the holder actual shares of common stock which vest over a period of three years. Dividends are paid to holders of restricted stock during the three year vesting period. Annual awards of SAR and restricted stock are effective as of the close of business on the day following the public release of our earnings for our first fiscal quarter.

In fiscal 2009, the long-term incentive compensation awards to NEOs were based on our ROAA performance in fiscal 2008. ROAA is defined as net income before significant non-recurring or extraordinary items divided by the average total consolidated assets. The Compensation Committee determined ROAA performance targets based on our historical financial performance, expected future performance, consultant's market survey data and sufficient increase in ROAA performance. ROAA performance targets and actual results for fiscal 2006, 2007 and 2008 are as follows:

|                       | 2006  | 2007  | 2008  |
|-----------------------|-------|-------|-------|
| Minimum level targets | 9.0%  | 10.0% | 12.0% |
| Target level targets  | 10.0% | 12.0% | 14.0% |
| Maximum level targets | 11.0% | 14.0% | 15.0% |
| Actual ROAA           | 15.0% | 14.1% | 13.6% |

NEOs were awarded either shares of restricted stock or SAR awards in fiscal 2009 using grant ranges established by the Compensation Committee based on job responsibility with minimum, target and maximum grants based on our ROAA. Our fiscal 2008 ROAA was 13.6%, therefore the stock appreciation rights allowed



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were just below the target level permitted under the guidelines set by the Compensation Committee. The following table presents the award opportunities for NEOs and the actual awards recommended by the Compensation Committee and approved by the Board for fiscal 2008 and awarded in June 2008 (fiscal 2009):

| NEO              | Type of Award    | Minimum | Target | Maximum | Actual Award | Market Value of Award (1) |
|------------------|------------------|---------|--------|---------|--------------|---------------------------|
| R. C. Warren Jr. | Restricted Stock | 6,000   | 12,000 | 24,000  | 10,680       | \$ 472,483                |
| R. S. Anderson   | Restricted Stock | 2,500   | 5,000  | 10,000  | 4,450        | 196,868                   |
| J. G. Pointer    | SAR              | 1,500   | 3,000  | 5,000   | 2,670        | 44,616                    |
| J. K. Nickoloff  | SAR              | 1,500   | 3,000  | 5,000   | 2,670        | 44,616                    |
| M. E. Kern       | SAR              | 1,500   | 3,000  | 5,000   | 2,670        | 44,616                    |

- (1) Market value of restricted stock equals the market price of our common stock (\$44.24 per share) on the award date, June 6, 2008. This is also the grant price for SARs awards. Market value of SARs equals the grant date fair value (\$16.71 per SAR) based on the Black Scholes method calculated as of the award date, June 6, 2008.

**Perquisites and Other Personal Benefits** We provide the NEOs with the use of a company automobile and reimburse them for personal income taxes attributable to such use. We also contribute to each NEO's 401(k) plan account and provide reimbursement for the cost of executive physicals. Contributions to 401(k) accounts were based on plan guidelines and provided a matching contribution of up to 4% of compensation and an additional Company contribution of 4% of compensation. These perquisites, which the Compensation Committee believes are reasonable and consistent with our overall compensation program and objectives, are provided to allow us to attract and retain executive talent.

**FISCAL 2010 EXECUTIVE COMPENSATION**

On March 31, 2009 the Compensation Committee recommended to the Board and the Board approved salary reductions of 10% in fiscal 2010 base salaries for all NEOs. The NEOs had previously taken voluntary 10% reductions in their fiscal 2010 base salaries effective February 1, 2009.

In addition, the Compensation Committee approved a cash incentive plan for fiscal 2010. The key elements of the plan, which is structured to protect shareholder value, are as follows:

Pre-tax income (before nonrecurring income or expense items that may be included or excluded at the Compensation Committee's discretion, executive incentive expense and stock based compensation expense) ( AIBT ) must exceed \$22 million before any cash incentive will be earned.

Cash flow from operations less maintenance capital expenditures and excluding cash expenses related to our European restructuring plan ( Free Cash Flow ) must be at least \$46 million in order for participants to receive any cash incentive payments under the plan.

Once these minimum targets for AIBT and Free Cash Flow have been met, NEOs will receive an increased percentage of their salary as a cash incentive payment as Free Cash Flow increases.



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If Free Cash Flow is between \$46 million and \$50 million, participants will receive a specified percentage (depending on position) of their salary as a cash incentive payment.

If Free Cash Flow is between \$50 million and \$54 million, participants will receive an increased percentage of their salary as a cash incentive payment.

If Free Cash Flow exceeds \$54 million, participants will receive a specified percentage of Free Cash Flow.

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Cash incentive payments for each participant are limited to a maximum award amount. Depending on the level of Free Cash Flow, award amounts range from 14% to 65% of base salaries of the eligible executives.

Our Board of Directors has the discretion to adjust the terms upon which cash incentive payments are made if economic or business conditions warrant.

**Change in Control Agreements**

In 2000, the Compensation Committee approved change in control agreements ( CICs ) for Robert C. Warren, Jr. and Richard S. Anderson. The CICs were implemented to help us retain these executives, particularly after a change of control has been proposed, and remain competitive in the market. The CICs provides the following benefits for these individuals if they are involuntarily terminated within 12 months following a change in control of Cascade:

Lump sum cash payment of three times average annual salary for three years prior to change in control.

Acceleration of all outstanding stock awards not exercisable at date of change of control.

Health care benefits for up to two years at Cascade's expense.

A change of control under the CICs are payable to the executives upon involuntary termination which occurs upon:

A change in the composition of a majority of the Board as a result of contested elections over a 24 month period.

Sale or transfer of all or substantially all of our assets in complete liquidation or dissolution.

Merger or consolidation in which securities possessing more than 50% of the total combined voting power of our outstanding securities are transferred.

Acquisition by a person or group of related persons of securities possessing more than 35% of the total combined voting power of our outstanding securities, pursuant to a transaction which the Board does not recommend to our shareholders.

We believe our approach requiring both an involuntary termination and a change in control is more reasonable and reflective of our intent to compensate the executive in the event of a termination of employment than CICs provided by some other companies that provide executives with benefits solely upon the occurrence of a change in control.

The Compensation Committee does not consider the CICs for purposes of determining the annual compensation levels as discussed in Determination of Compensation Levels.

**Internal Revenue Code Section 162(m)**

Section 162(m) of the Internal Revenue Code limits to \$1 million the amount of our tax deduction for certain compensation paid to the NEOs. Certain qualifying performance-based compensation is not subject to the \$1 million deduction limit, including compensation related to stock appreciation rights issued under our Stock Appreciation Rights Plan. However, annual cash incentive amounts payable under our executive incentive program and compensation related to certain awards under our 1995 Senior Managers Incentive Stock Option Plan do not meet the

requirements for exemption from the \$1 million limit. For fiscal 2009, no employees

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exceeded the \$1 million limit. The Compensation Committee intends to preserve the tax deductibility of executive compensation to the extent practicable but reserves the right to recommend future compensation that does not comply with the Section 162(m) requirements for deductibility if it concludes that this is in the best interests of Cascade.

***Compensation Committee Report***

We have reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in Cascade's Annual Report on Form 10-K for the fiscal year ended January 31, 2009.

COMPENSATION COMMITTEE

Nicholas R. Lardy, Ph.D., Chair

Duane C. McDougall

Peter D. Nickerson

James S. Osterman

Henry W. Wessinger II

Nancy A. Wilgenbusch, Ph.D.

**Table of Contents****Summary Compensation Table for Fiscal 2009, 2008 and 2007**

The following table summarizes compensation information for our named executive officers for the fiscal years ended January 31, 2009, 2008 and 2007.

| Name and Principal Position   | Fiscal Year | Salary     | Bonus | Stock Awards (1) | Option Awards (2) | Non-Equity Incentive Plan Compensation (3) | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation (4) | Total        |
|---|-------------|------------|-------|------------------|-------------------|--|---|----------------------------|--------------|
|   |             |            |       |                  |                   |  |   |                            |              |
| Robert C. Warren, Jr.,<br>President and Chief Executive Officer           | 2009        | \$ 540,000 |       | \$ 691,775       | \$ 324,472        | (5)  |   | \$ 73,659                  | \$ 1,629,906 |
|   | 2008        | \$ 500,000 |       | \$ 381,758       | \$ 438,596        | \$ 616,000                                 |   | \$ 51,330                  | \$ 1,987,684 |
|   | 2007        | \$ 460,000 |       |                  | \$ 509,531        | \$ 579,600                                 |   | \$ 44,190                  | \$ 1,593,321 |
| Richard S. Anderson,<br>Senior Vice President and Chief Operating Officer | 2009        | \$ 300,000 |       | \$ 288,241       | \$ 302,676        | (5)  |   | \$ 50,630                  | \$ 941,547   |
|   | 2008        | \$ 290,000 |       | \$ 159,066       | \$ 372,243        | \$ 309,000                                 |   | \$ 43,587                  | \$ 1,173,896 |
|   | 2007        | \$ 275,000 |       |                  | \$ 368,319        | \$ 324,000                                 |   | \$ 48,311                  | \$ 1,015,630 |
| Joseph G. Pointer,<br>Vice President and Chief Financial Officer          | 2009        | \$ 218,000 |       |                  | \$ 260,356        | \$ 68,000                                  |   | \$ 38,233                  | \$ 584,589   |
|   | 2008        | \$ 200,000 |       |                  | \$ 286,015        | \$ 201,000                                 |   | \$ 32,941                  | \$ 719,956   |
|   | 2007        | \$ 190,000 |       |                  | \$ 255,815        | \$ 198,000                                 |   | \$ 34,619                  | \$ 678,434   |
| Jeffrey K. Nickoloff<br>Vice President Corporate Manufacturing (6)        | 2009        | \$ 186,000 |       |                  | \$ 260,356        | \$ 52,000                                  |   | \$ 34,223                  | \$ 532,579   |
|   | 2008        | \$ 180,000 |       |                  | \$ 286,015        | \$ 164,000                                 |   | \$ 27,948                  | \$ 657,963   |
| Michael E. Kern<br>Vice President Construction Attachment Division (7)    | 2009        | \$ 175,000 |       |                  | \$ 260,356        | \$ 45,000                                  |   | \$ 27,927                  | \$ 508,283   |

- (1) Amounts reflect the expense recognized for accounting purposes calculated in accordance with SFAS 123R with respect to restricted stock awarded in fiscal 2009 and 2008. Assumptions used in calculating expense as required by SFAS 123R are described in Note 12 to our Consolidated Financial Statements included in our 2009 Form 10-K. Additional details regarding the terms of awards under the SAR Plan and Stock Option Plan are described in the following tables: Grants of Plan-Based Awards in Fiscal 2009 and Outstanding Equity Awards at Fiscal Year-End.
- (2) Amounts reflect the expense recognized for accounting purposes calculated in accordance with SFAS 123R with respect to SARs granted in fiscal 2009, 2008, 2007, 2006, and 2005 and stock options granted prior to 2005. Assumptions used in calculating expense as required by SFAS 123R are described in Note 12 to our Consolidated Financial Statements included in our 2009 Form 10-K, except that the deduction related to estimated forfeitures has been disregarded in calculating the expense for the above table. Additional details regarding the terms of awards under the SAR Plan and Stock Option Plan are described in the Outstanding Equity Awards at Fiscal Year-End table.
- (3) Amounts reflect annual executive incentive payments earned for fiscal 2009 (paid in April 2009) fiscal 2008 (paid in April 2008), and fiscal 2007 (paid in April 2007) under our executive incentive plan ( Executive Incentive Plan ). The Executive Incentive Plan and the metrics used to determine the amounts paid are described in the Compensation and Analysis under Elements of Fiscal 2009 Executive Compensation Annual Cash Incentive Compensation.

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- (4) All Other Compensation amounts consist of the following items:

| Name             | Fiscal Year | Automobile Expenses (a) | Company contributions to 401(k) plan (b) | Restricted Stock Dividends (c) | Others (d) | Total     |
|------------------|-------------|-------------------------|--|--------------------------------|------------|-----------|
| R.C. Warren, Jr. | 2009        | \$ 22,053               | \$ 18,400                                | \$ 25,128                      | \$ 8,078   | \$ 73,659 |
|                  | 2008        | \$ 17,617               | \$ 18,000                                | \$ 12,960                      | \$ 2,753   | \$ 51,330 |
|                  | 2007        | \$ 16,802               | \$ 17,600                                |                                | \$ 9,788   | \$ 44,190 |
| R.S. Anderson    | 2009        | \$ 23,318               | \$ 16,842                                | \$ 10,470                      |            | \$ 50,630 |
|                  | 2008        | \$ 20,187               | \$ 18,000                                | \$ 5,400                       |            | \$ 43,587 |
|                  | 2007        | \$ 20,852               | \$ 17,600                                |                                | \$ 9,859   | \$ 48,311 |
| J.G. Pointer     | 2009        | \$ 21,463               | \$ 16,413                                |                                | \$ 357     | \$ 38,233 |
|                  | 2008        | \$ 17,007               | \$ 15,934                                |                                |            | \$ 32,941 |
|                  | 2007        | \$ 15,949               | \$ 15,134                                |                                | \$ 3,536   | \$ 34,619 |
| J.K. Nickoloff   | 2009        | \$ 16,039               | \$ 14,840                                |                                | \$ 3,344   | \$ 34,223 |
|                  | 2008        | \$ 9,317                | \$ 14,334                                |                                | \$ 4,297   | \$ 27,948 |
| M.E. Kern        | 2009        | \$ 15,306               | \$ 12,621                                |                                |            | \$ 27,927 |

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- (a) Amounts relate to the taxable value attributable to the personal use of company owned automobiles, as well as taxable auto allowances and reimbursed expenses.
- (b) Amounts relate to Cascade 401(k) plan contributions for the benefit of the named executive officers.
- (c) Amounts relate to dividends paid on restricted stock issued in fiscal 2009 and 2008.
- (d) Amounts relate to costs for executive physicals.
- (5) Under the executive cash incentive plan for fiscal 2009, calculated incentive awards for Mr. Warren and Mr. Anderson were \$222,000 and \$106,000, respectively, but the Compensation Committee and the Board of Directors concurred with the recommendation of Mr. Warren and Mr. Anderson that they forego cash incentive awards for fiscal 2009.
- (6) Mr. Nickoloff was not a named executive officer in fiscal 2007.
- (7) Mr. Kern was not a named executive officer in fiscal 2008 and 2007.

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The following table shows all plan-based awards granted to the named executive officers during fiscal 2009. The option awards (in the form of stock appreciation rights) and the unvested portion of the stock awards identified in the table below are also reported in the Outstanding Equity Awards at Fiscal 2009 Year-End Table on the following page

**Grants of Plan-Based Awards in Fiscal 2009**

| Name             | Plan Name (1)       | Grant Date (6) | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2) |            |            | Estimated Future Payouts Under Equity Incentive Plan Awards |        |         | All Other Stock Awards: Number of Shares or Units | All Other Option Awards: Number of Securities Underlying Options (3) | Exercise or Base Price of Awards (4) | Grant Date Fair Value of Stock and Option Awards (5) |
|------------------|---------------------|----------------|---|------------|------------|---|--------|---------|---|--|--------------------------------------|--|
|                  |                     |                | Threshold   | Target     | Maximum    | Threshold   | Target | Maximum |   |  |                                      |  |
| R.C. Warren, Jr. | SAR                 | 6/6/2008       |   |            |            |   |        |         | 10,680  | \$   | \$ 472,483                           |  |
|                  | Executive Incentive | 6/3/2008       | \$ 184,000  | \$ 405,000 | \$ 810,000 |   |        |         |   |  |                                      |  |
| R.S. Anderson    | SAR                 | 6/6/2008       |   |            |            |   |        |         | 4,450   | \$   | \$ 196,868                           |  |
|                  | Executive Incentive | 6/3/2008       | \$ 87,000   | \$ 195,000 | \$ 390,000 |   |        |         |   |  |                                      |  |
| J.G. Pointer     | SAR                 | 6/6/2008       |   |            |            |   |        |         |   | \$ 44.24   | \$ 44,616                            |  |
|                  | Executive Incentive | 6/3/2008       | \$ 56,000   | \$ 124,000 | \$ 248,000 |   |        |         |   |  |                                      |  |
| J.K. Nickoloff   | SAR                 | 6/6/2008       |   |            |            |   |        |         |   | \$ 44.24   | \$ 44,616                            |  |
|                  | Executive Incentive | 6/3/2008       | \$ 43,000   | \$ 93,000  | \$ 186,000 |   |        |         |   |  |                                      |  |
| M.E. Kern        | SAR                 | 6/6/2008       |   |            |            |   |        |         |   | \$ 44.24   | \$ 44,616                            |  |
|                  | Executive Incentive | 6/3/2008       | \$ 37,000   | \$ 82,000  | \$ 165,000 |   |        |         |   |  |                                      |  |

- (1) Stock Appreciation Rights and Restricted Stock Plan ( SAR ) and Executive Incentive Plan ( Executive Incentive )
- (2) Amounts earned under the fiscal 2009 Executive Incentive Plan, which was approved by the Board in June 2008, are shown in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column. These amounts were approved by the Board in March 2009 and paid in April 2009. Additional details regarding the Executive Incentive Plan can be found in the Compensation Discussion and Analysis section.
- (3) Mr. Pointer, Mr. Nickoloff and Mr. Kern were each granted 2,670 SARs at a base price of \$44.24 for each SAR. Each SAR is payable only in shares of Cascade common stock, with the number of shares into which the SAR is payable calculated by determining the difference between the closing price of Cascade's common stock on the date of exercise and the base price of the SAR established at the time of grant, and then dividing the difference by the closing price of Cascade common stock on the date of exercise. Because the base price of the SARs exceeded the closing price of Cascade common stock on January 31, 2009, the number of shares underlying the SARs is shown as zero.
- (4) Exercise or base price of SARs is the closing price of our common stock on the grant date, June 6, 2008.
- (5) Represents grant date fair value of SARs calculated in accordance with SFAS 123R. Assumptions used in calculating expense as required by SFAS 123R are described in Note 12 to our Consolidated Financial Statements included in our fiscal 2009 Form 10-K, except that the deduction related to estimated forfeitures has been disregarded. Additional details regarding the terms of awards under the SAR plan are

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described in the following tables: Summary Compensation Table and Outstanding Equity Awards at Fiscal Year-End.

- (6) SAR awards were approved by the Board on June 3, 2008.



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The following table shows all outstanding equity awards held by the named executive officers at the end of fiscal 2009.

**Outstanding Equity Awards at Fiscal Year-End**

| Name             | Grant Year (fiscal) | Options Awards  |   |   |                  | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options |   | Stock Awards  |  | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights that have Not Vested |
|------------------|---------------------|---|---|---|------------------|---|---|---|--|--|
|                  |                     | Number of Securities Underlying Exercisable Options (1) | Number of Securities Underlying Unexercised Options (1) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options | Option Price (2) | Option Expiration Date  | Number of Shares or Units of Stock that have Not Vested | Market Value of Shares or Units of Stock that have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights that have Not Vested |  |
| R.C. Warren, Jr. | 2001                | 57,000  |   |   | \$ 10.93         | 5/11/2010   |   |   |  |  |
|                  | 2002                | 52,273  |   |   | \$ 11.22         | 6/14/2011   |   |   |  |  |
|                  | 2003                | 57,000  |   |   | \$ 14.05         | 5/23/2012   |   |   |  |  |
|                  | 2004                | 76,900  |   |   | \$ 14.12         | 5/22/2013   |   |   |  |  |
|                  | 2005                | 5,473   |   |   | \$ 21.15         | 5/26/2014   |   |   |  |  |
|                  | 2006                |   | (3)   |   | \$ 35.60         | 6/7/2015  |   |   |  |  |
|                  | 2007                |   | (4)   |   | \$ 37.05         | 6/6/2016  |   |   |  |  |
|                  | 2008                |   |   |   |                  |   | 16,000(5)   | \$ 366,240  |  |  |
|                  | 2009                |   |   |   |                  |   | 10,680(6)   | \$ 244,465  |  |  |
| R.S. Anderson    | 2005                | 3,649   |   |   | \$ 21.15         | 5/26/2014   |   |   |  |  |
|                  | 2006                |   | (3)   |   | \$ 35.60         | 6/7/2015  |   |   |  |  |
|                  | 2007                |   | (4)   |   | \$ 37.05         | 6/6/2016  |   |   |  |  |
|                  | 2008                |   |   |   |                  |   | 6,667(5)  | \$ 152,608  |  |  |
|                  | 2009                |   |   |   |                  |   | 4,450(6)  | \$ 101,861  |  |  |
| J.G. Pointer     | 2005                | 2,509   |   |   | \$ 21.15         | 5/26/2014   |   |   |  |  |
|                  | 2006                |   | (3)   |   | \$ 35.60         | 6/7/2015  |   |   |  |  |
|                  | 2007                |   | (4)   |   | \$ 37.05         | 6/6/2016  |   |   |  |  |
|                  | 2008                |   | (7)   |   | \$ 73.73         | 6/8/2017  |   |   |  |  |
|                  | 2009                |   | (8)   |   | \$ 44.24         | 6/6/2018  |   |   |  |  |
| J.K. Nickoloff   | 2005                | 627   |   |   | \$ 21.15         | 5/26/2014   |   |   |  |  |
|                  | 2006                |   | (3)   |   | \$ 35.60         | 6/7/2015  |   |   |  |  |
|                  | 2007                |   | (4)   |   | \$ 37.05         | 6/6/2016  |   |   |  |  |
|                  | 2008                |   | (7)   |   | \$ 73.73         | 6/8/2017  |   |   |  |  |
|                  | 2009                |   | (8)   |   | \$ 44.24         | 6/6/2018  |   |   |  |  |
| M.E. Kern        | 2005                | 627   |   |   | \$ 21.15         | 5/26/2014   |   |   |  |  |
|                  | 2006                |   | (3)   |   | \$ 35.60         | 6/7/2015  |   |   |  |  |
|                  | 2007                |   | (4)   |   | \$ 37.05         | 6/6/2016  |   |   |  |  |
|                  | 2008                |   | (7)   |   | \$ 73.73         | 6/8/2017  |   |   |  |  |
|                  | 2009                |   | (8)   |   | \$ 44.24         | 6/6/2018  |   |   |  |  |

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- (1) SARs were granted during fiscal 2009, 2008, 2007, 2006 and 2005. Stock options were granted in years prior to fiscal 2005. All awards with expiration dates before 2014 relate to stock options. The number of shares underlying SARs was calculated by determining the difference between \$22.89, the closing price of Cascade common stock on January 31, 2009, and the base price of the SARs established at the time of grant, multiplying that figure by the number of SARs held by the officer, and then dividing that difference by the closing price of Cascade common stock on January 31, 2009. The exercise or base price of SARs by grant year is as follows:

| Grant Year | Exercise Price |
|------------|----------------|
| 2005       | \$ 21.15       |
| 2006       | \$ 35.60       |
| 2007       | \$ 37.05       |
| 2008       | \$ 73.73       |
| 2009       | \$ 44.24       |

- (2) The exercise or base price of stock options and SARs is the closing price of our common stock on the NYSE on the date of grant.
- (3) SARs vest on June 7, 2009. Because the base price of the SARs exceeded the closing price of our common shares on January 31, 2009, the number of shares underlying the SARs is shown as zero.
- (4) SARs vest as follows: one-half annually on June 6, 2009 and 2010. Because the base price of the SARs exceeded the closing price of our common shares on January 31, 2009, the number of shares underlying the SARs is shown as zero.
- (5) Restricted stock vests as follows: one-half annually on June 8, 2009 and 2010. Market value based on closing price of our common stock of \$22.89 on January 31, 2009.
- (6) Restricted stock vests as follows: one-third annually on June 6, 2009, 2010 and 2011. Market value based on closing price of our common stock of \$22.89 on January 31, 2009.
- (7) SARs vest as follows: one-third annually on June 8, 2009, 2010 and 2011. Because the base price of the SARs exceeded the closing price of our common stock on January 31, 2009, the number of shares underlying the SARs is shown as zero.
- (8) SARs vest as follows: one-fourth annually on June 6, 2009, 2010, 2011 and 2012. Because the base price of the SARs exceeded the closing price of our common shares on January 31, 2009, the number of shares underlying the SARs is shown as zero.

***Option Exercises and Stock Vested During Fiscal 2009***

| Name | Option Awards                         |                            | Stock Awards                         |                               |
|------|---------------------------------------|----------------------------|--------------------------------------|-------------------------------|
|      | Number of Shares Acquired on Exercise | Value Realized on Exercise | Number of Shares Acquired on Vesting | Value Realized on Vesting (1) |

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|                  |       |    |         |
|------------------|-------|----|---------|
| R.C. Warren, Jr. | 8,000 | \$ | 353,920 |
| R.S. Anderson    | 3,333 | \$ | 147,452 |
| J.G. Pointer     |       |    |         |
| J. K. Nickoloff  |       |    |         |
| M. E. Kern       |       |    |         |

- (1) The value realized on vesting of restricted stock equals the number of shares vested multiplied by the \$44.24, the closing price of Cascade common stock on June 6, 2008, the date of vesting.

**Table of Contents*****Potential Payments on Termination or Change-in-Control***

We have entered into severance agreements with Messrs. Warren and Anderson. Under the agreements, each would be entitled to certain benefits if his employment is involuntarily terminated (other than for cause) within 12 months following a change in control of Cascade. In addition to discharge, involuntary termination includes resignation following a change which materially reduces an individual's level of responsibility, a 20% reduction in level of compensation, or a relocation of place of employment by more than 50 miles.

The agreements define a change in control of Cascade as (a) a change in the composition of the Board over a period of 24 months or less as a result of contested elections which results in a majority of Board members who were not Board members at the beginning of the period or were not subsequently nominated or elected by the Board; (b) sale, transfer or other disposition of substantially all of Cascade's assets; (c) a merger or consolidation in which securities with more than 50% of the voting power of all outstanding Cascade securities are transferred to persons different from the holding of such securities prior to the transaction; or (d) the successful acquisition of securities possessing more than 35% of the voting power of all outstanding Cascade securities pursuant to a transaction or series of related transactions that the Board does not recommend for shareholder acceptance or approval.

An officer whose employment is involuntarily terminated following a change in control would receive the following severance benefits: (a) a lump sum payment equal to 2.99 times the officer's average annual compensation of the prior three years as reported on Form W-2; (b) accelerated vesting of all outstanding stock options; and (c) continued health coverage for the officer and eligible dependents for a period of 24 months or until the officer is covered by another health plan which provides a substantially similar level of benefits. In order to avoid becoming an excess parachute payment under federal tax laws, the total benefit package is limited to 2.99 times the officer's average compensation as reported on Form W-2 for the prior five years, subject to certain exceptions, provided under the Code.

Each agreement provides that the officer will not compete with us for a period of 24 months following termination of employment for any reason.

The following table shows the potential payments as described above upon involuntary termination following a change in control on January 31, 2009, for Messrs. Warren and R.S. Anderson:

| <b>Name</b>      | <b>Lump-sum<br/>Payment<br/>(1)</b> | <b>Accelerated<br/>Awards Vesting (2)</b> | <b>Continued<br/>Health Coverage (3)</b> | <b>Total</b> |
|------------------|-------------------------------------|---|--|--------------|
| R.C. Warren, Jr. | \$ 3,162,000                        |   | \$ 19,000                                | \$ 3,181,000 |
| R.S. Anderson    | \$ 1,741,000                        |   | \$ 19,000                                | \$ 1,760,000 |

- (1) Amounts represent 2.99 times three year average, subject to limitation under Internal Revenue Service guidelines.
- (2) All stock options are fully vested as of January 31, 2009. Unvested SARs are excluded as the base price of the SARs exceeded the closing price of our common stock on January 31, 2009.
- (3) Amounts represent the cost of health care coverage for 24 months.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table gives information about equity awards under the Cascade Corporation 1995 Senior Managers Stock Incentive Plan, under which no future awards may be issued, and the Cascade Corporation Stock Appreciation Rights and Restricted Stock Plan. These are our only equity compensation plans in effect as of January 31, 2009, the end of our last fiscal year and as of March 11, 2009.

| <b>Plan Category</b>                                       | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) (2)</b> |
|--|--|--|--|
| Equity compensation plans approved by security holders     | 279,233  | \$ 29.45   | 503,440  |
| Equity compensation plans not approved by security holders |  |  |  |
| <b>Total</b>   | <b>279,233</b>   |  | <b>503,440</b>   |

- (1) The number of common shares to be issued upon the exercise of outstanding SARs was calculated by determining the difference between \$14.26, the closing price of Cascade common stock on March 11, 2009, and the base price of the SARs established at the time of grant, multiplying that figure by the number of SARs outstanding, and then dividing the product by the closing price of Cascade common stock on March 11, 2009.
- (2) The number of shares that may be issued under the Stock Appreciation Rights and Restricted Stock Plan is limited to 750,000. The number of common shares remaining available for future issuance under the Stock Appreciation Rights and Restricted Stock Plan was calculated by deducting from 750,000 the number of shares of common stock that are to be issued upon the exercise of presently outstanding SARs as determined pursuant to footnote (1) and the number of shares which have been issued upon exercise of SARs and issuance of restricted stock since the inception of the Stock Appreciation Rights and Restricted Stock Plan.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee consists of Dr. Lardy, Messrs. McDougall, Nickerson, Osterman and Wessinger, and Dr. Wilgenbusch, all independent directors. During the fiscal year ended January 31, 2009, none of our executive officers served on the Board of Directors of any entities whose directors or officers serve on our Compensation Committee.

**Table of Contents****VOTING SECURITIES STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of our common shares as of March 11, 2009, by (i) each person or entity who is known by us to own beneficially more than 5% of our common shares, (ii) each of our directors, (iii) each of the named executive officers listed in the Summary Compensation Table and (iv) all our directors and executive officers as a group.

| Name and Address of Beneficial Owner  | Amount and Nature of Beneficial Ownership (1) | Percent of Class (2) |
|---|---|----------------------|
| <p><i>Michael W. Cook Asset Management, Inc. dba SouthernSun Asset Management.</i><br/>The total shown reflects a Schedule 13G filed with the Securities and Exchange Commission on January 12, 2009.</p> <p>6000 Poplar Avenue, Suite 220<br/>Memphis, Tennessee 38119</p> | 1,935,347                                     | 17.8%                |
| <p><i>FMR LLC.</i> The total shown reflects an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009.</p> <p>82 Devonshire Street<br/>Boston, Massachusetts 02109</p>  | 999,952                                       | 9.2%                 |
| <p><i>T. Rowe Price Associates, Inc..</i> The total shown reflects an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 11, 2009.</p> <p>100 E. Pratt Street<br/>Baltimore, Maryland 21202</p>  | 949,050(8)                                    | 8.7%                 |
| <p><i>The Robert C. and Nani S. Warren Revocable Trust,</i> of which Nani S. Warren, Robert C. Warren, Jr., and others are Trustees and share investment powers. Mr. Warren has sole voting power.</p> <p>c/o P.O. Box 20187<br/>Portland, Oregon 97294-0187</p>            | 827,896                                       | 7.6%                 |
| <p><i>Warren Holdings, LLC,</i> of which Robert C. Warren, Jr. and Wendy Warren, Mr. Warren's sister, are managers and share voting and investment power.</p> <p>82 Swigert Road<br/>Washougal, Washington 98671</p>  | 803,549                                       | 7.4%                 |
| <p><i>Robert J. Davis Family</i> The total shown reflects a Schedule 13D filed with the Securities Exchange Commission on September 12, 2000. Shares are voted as directed by Mr. Robert J. Davis.</p> <p>17530 Little River Dr.<br/>Bend, Oregon 97707</p>                 | 682,100<br>668,779                            | 6.3%<br>6.2%         |

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*Royce & Associates, LLC.* The total shown reflects an amendment to Schedule 13G filed with the Securities and Exchange Commission on January 23, 2009.

1414 Avenue of the Americas

New York, New York 10019

*Barclays Global Investors, N.A. Barclays Global Fund Advisors, and Barclays Global Investor, Ltd.* The total shown reflects a Schedule 13G filed with the Securities and Exchange Commission on February 5, 2009.

400 Howard Street

San Francisco, California 94105

|                                      |               |       |
|--------------------------------------|---------------|-------|
| <i>Robert C. Warren, Jr.</i>         | 594,712(7)    | 3.2%  |
| <i>James S. Osterman</i>             | 332,643(3)(4) | 3.0%  |
| <i>Nicholas R. Lardy</i>             | 7,857         | *     |
| <i>Peter D. Nickerson</i>            | 7,557(6)      | *     |
| <i>Duane C. McDougall</i>            | 1,456         | *     |
| <i>Nancy A. Wilgenbusch</i>          | 6,170         | *     |
| <i>Henry W. Wessinger II</i>         | 2,670         | *     |
| <i>Richard S. Anderson</i>           | 2,170         | *     |
| <i>Jeffrey K. Nickoloff</i>          | 29,635(3)     | *     |
| <i>Joseph G. Pointer</i>             | 2,000         | *     |
| <i>Michael E. Kern</i>               |               | *     |
| 16 Officers and Directors as a group | 2,027,116(5)  | 18.3% |

\* Less than 1% of outstanding shares.

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- (1) Includes shares issuable upon exercise of currently vested stock options as follows: R.C. Warren, Jr., 243,173, and all officers and directors as a group 244,773.

Certain directors and executive officers hold restricted stock shares which are included in this column. They may vote the restricted shares, but may not sell or transfer them during the restricted period. These restrictions lapse over a period of four years from date of grant for directors and three years from date of grant for officers. The individuals in the table hold the following numbers of restricted shares:

| Name                                     | Restricted Shares |
|--|-------------------|
| R.C. Warren, Jr.                         | 34,680            |
| R.S. Anderson                            | 14,450            |
| N.R. Lardy                               | 2,170             |
| D.C. McDougall                           | 2,170             |
| P.D. Nickerson                           | 1,356             |
| J.S. Osterman                            | 2,170             |
| H.W. Wessinger II                        | 2,170             |
| N.A. Wilgenbusch                         | 2,170             |
| <b>Officers and Directors as a Group</b> | <b>61,336</b>     |

- (2) No officer or director owns more than 1% of Cascade's outstanding shares, except for R.C. Warren, Jr. Mr. Warren may be considered to own beneficially 18%, which includes shares held as trustee for The Robert C. and Nani S. Warren Revocable Trust and as a manager of Warren Holdings, LLC.
- (3) Includes shares held for the benefit of these officers by a 401(k) plan as follows: R.C. Warren, Jr., 88 and R.S. Anderson, 4,664.
- (4) Includes shared voting and investment powers as to 11,660 shares and sole voting and investment powers as to 9,592 shares, all held as fiduciary for the benefit of various family members and 1,200 shares owned by Mr. Warren's spouse, as to all of which Mr. Warren disclaims beneficial ownership.
- (5) Includes an aggregate of 1,652,697 shares held by officers and directors in fiduciary capacities.
- (6) Includes 1,000 shares held in a trust for the benefit of certain relatives of Dr. Lardy. Dr. Lardy, who is a co-trustee of the trust, disclaims beneficial ownership of such shares.
- (7) Barclays Global Investors, NA has sole voting power with respect to 165,669 shares and sole dispositive power with respect to 198,019 shares. Barclays Global Fund Advisors has sole voting power with respect to 294,520 shares and sole dispositive power with respect to 390,888 shares. Barclays Global Investors, Ltd. has sole voting power with respect to 445 shares and sole dispositive power with respect to 5,805 shares.
- (8) T. Rowe Price Associates, Inc., has sole voting power with respect to 353,100 shares and sole dispositive power with respect to 949,050 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**



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Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to the Company, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners during the year ended January 31, 2009, were complied with.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Our Corporate Governance Guidelines adopted by the Board provide that any transaction that may constitute a related party transaction that would be required to be disclosed under Item 404 of SEC Regulation S-K (including transactions that would be required to be disclosed but for the fact that the dollar value of the transaction is less than that required for disclosure under Regulation S-K) is subject to approval or ratification by the Board. Robert C Warren, Jr., our President and Chief Executive Officer, is a director of ESCO Corporation, a privately held manufacturer of high-alloy steel products that supplies Cascade with certain components. Mr. Warren and certain members of his immediate family are shareholders of ESCO Corporation. In September 2007, the Board reviewed and approved the continuation of the business relationships between Cascade and ESCO Corporation, subject to (1) Mr. Warren's agreement to abstain as a member of either company's board of directors from participating in any vote relating to business dealings between the two companies and (2) the receipt by the Board of periodic reports from our Chief Financial Officer regarding the nature and status of the business relationships between the two companies. During the fiscal year ended January 31, 2009, we purchased approximately \$100,000 of components used in our products from ESCO Corporation at prevailing market prices. There were no other transactions with related persons during the fiscal year ended January 31, 2009.

**OTHER MATTERS**

As of the date of this proxy statement, the only matters that we intend to present at the meeting are those set forth in the notice of meeting and in this proxy statement. We know of no other matters that may come before the meeting. However, if any other matters properly come before the meeting, it is intended that proxies submitted in the accompanying form will be voted in respect thereof in accordance with the judgment of the person or person voting as proxies.

**SHAREHOLDER PROPOSALS FOR 2010 ANNUAL MEETING**

Shareholder proposals submitted for inclusion in the proxy materials for the 2010 annual meeting must be received in writing by us no later than December 26, 2009. Any shareholder proposal that is not submitted for inclusion in the proxy materials for the 2010 annual meeting but is instead sought to be presented directly at that meeting will not be considered timely unless appropriate notice is provided to us no later than March 10, 2010. In addition, if we receive notice of a shareholder proposal after March 10, 2010, the persons named as proxies for the 2010 annual meeting will have discretionary voting authority to vote on such proposal at the 2010 annual meeting. Any shareholder making a proposal must have been a registered or beneficial owner of at least one percent of the outstanding common shares or common shares with a market value of at least \$2,000 for at least one year prior to submitting the proposal and must continue to own the stock through the date the meeting is held.

**NO INCORPORATION BY REFERENCE**

In Cascade's filings with the SEC, information is sometimes incorporated by reference. This means that we are referring you to information that has previously been filed with the SEC and the information should be considered as part of the particular filing. As provided under SEC regulations, the Audit Committee Report and the Compensation Committee Report contained in this Proxy Statement are not incorporated by reference into any other filings with the SEC, except to the extent we specifically incorporate either report by reference into a filing. In addition, this Proxy Statement includes several website addresses. These website addresses are intended to provide inactive, textual references only. The information on these websites is not part of this Proxy Statement.

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**ANNUAL REPORT**

The Notice of Annual Meeting, this Proxy Statement and our annual report on Form 10-K for the fiscal year ended January 31, 2009 have been made available to all shareholders entitled to vote at the annual meeting and who received the Notice of Internet Availability of Proxy Materials. Our annual report on Form 10-K can also be viewed at our website, [www.cascorp.com](http://www.cascorp.com).

**Paper copies of our annual report on Form 10-K (excluding exhibits) may be obtained without charge by writing our Corporate Secretary at Cascade Corporation, P.O. Box 20187, Portland, Oregon 97294-0180. 94039-7850, or by calling (650) 944-3560.**

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**CASCADE CORPORATION**

**ATTN: JOE POINTER**

**2201 N.E. 201ST AVENUE**

**FAIRVIEW, OR 97024-9718**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Cascade Corporation in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Cascade Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M12379

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**CASCADE CORPORATION**

|                |                     |                       |  |
|----------------|---------------------|-----------------------|--|
| <b>For All</b> | <b>Withhold All</b> | <b>For All Except</b> | To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below. |
|----------------|---------------------|-----------------------|--|

**Vote on Directors**

1. Election of Two Directors for three-year terms ending in 2012  
**Nominees:**  
01 Duane C. McDougall  
02 James S. Osterman

.. .. ..

**Vote on Proposal**

2.

**For      Against      Abstain**

..      ..      ..

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Proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the fiscal year ending January 31, 2010.

**THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR THE ELECTION OF THE TWO NOMINEES AS DIRECTORS, AND FOR THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP. THIS PROXY WILL ALSO BE VOTED AT THE PROXIES DISCRETION AS TO OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES FOR DIRECTORS LISTED ABOVE AND PROPOSAL 2.**

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

**Yes      No**

(NOTE: Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.)

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

M12380

**CASCADE CORPORATION**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**ANNUAL MEETING OF SHAREHOLDERS**

**JUNE 2, 2009**

The shareholder(s) hereby appoint(s) R.C. Warren, Jr. and R.S. Anderson, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Cascade Corporation that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 10:00 a.m., Pacific Time on June 2, 2009, at the Corporate Headquarters, 2201 NE 201st Avenue, Fairview OR 97024-9718, and any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR EACH PROPOSAL.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE**

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**