

COLUMBUS MCKINNON CORP
Form 424B3
May 02, 2011

This filing is made pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended, in connection with Registration No. 333-173296

PROSPECTUS

Columbus McKinnon Corporation

We are offering to exchange \$150.0 million aggregate principal amount of 7.875% Senior Subordinated Notes due 2019 (which we refer to as the old notes) for \$150.0 million aggregate principal amount of 7.875% Senior Subordinated Notes due 2019 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended, and fully and unconditionally guaranteed by certain of our existing subsidiaries (which we refer to as the subsidiary guarantors).

The exchange offer will expire at 5:00 p.m., New York City time on June 2, 2011 (which we refer to as the expiration date), unless we extend the exchange offer in our sole and absolute discretion.

See “Risk Factors” starting on page 19 of this prospectus for a discussion of risks associated with investing in the new notes and with the exchange of old notes for the new notes offered hereby.

We will exchange new notes for all old notes that are validly tendered and not withdrawn before expiration of the exchange offer. You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer. The exchange procedure is more fully described in “The Exchange Offer — Procedures for Tendering.” If you fail to tender your old notes, you will continue to hold unregistered notes that you will not be able to transfer freely.

The terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights applicable to the old notes do not apply to the new notes. See “Description of the Notes” for more details on the terms of the new notes. We will not receive any proceeds from the exchange offer.

There is no established trading market for the new notes or the old notes. The exchange of old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See “Certain U.S. Federal Income Tax Considerations.” All broker-dealers must comply with the registration and prospectus delivery requirements of the Securities Act. See “Plan of Distribution.”

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 2, 2011

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Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal delivered with this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding old notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one hundred and eighty days after such expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution.”

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27 A of the Securities Act, Section 21 E of the Securities Exchange Act of 1934, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, including statements regarding our future prospects. These statements may be identified by terms and phrases such as “anticipate,” “believe,” “intend,” “estimate,” “expect,” “continue,” “should,” “could,” “may,” “plan,” “pro,” “will” and similar expressions, and they relate to future events and occurrences. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements, all of which are difficult to predict and many of which are beyond our control. Factors that could cause actual results to differ materially from those expressed or implied in such statements include, but are not limited to, those factors described under “Risk Factors” beginning on page 19, as well as the following:

- general economic and capital market conditions, including political and economic uncertainty in various areas of the world where we do business;
 - varying and seasonal levels of demand for our products and services;
- consolidation within our customer base and the resulting increased concentration of our sales;
 - pricing and product actions taken by our competitors;
 - financial conditions of our customers;
- our customers' perception of our financial condition relative to that of our competitors;
 - changes in United States or foreign tax laws or regulations;
- reliance upon suppliers and risks of production disruptions and supply and capacity constraints;
 - costs of raw materials and energy;
- risks associated with reconfiguration and relocation of manufacturing operations;
 - the effectiveness of our cost reduction initiatives;
 - industry innovation and our own research and development efforts;
 - interest and foreign currency exchange rates;
 - risks associated with product liability;
 - unforeseen liabilities arising from patent or other litigation; and
 - our dependence on key management.

Given these factors, undue reliance should not be placed on any forward-looking statements, including statements regarding our future prospects. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. These statements speak only as of the date made and are subject to change. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new

information, the occurrence of future events or otherwise.

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INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data for powered hoists, manual hoists and trolleys, alloy chain and forged attachments presented throughout this prospectus from industry and general publications and research, surveys and studies conducted by third parties, including the United States Department of Commerce, the United States Federal Reserve, the Material Handling Industry of America, the Hoist Manufacturers Institute, the Power Transmission Distributors Association, the Rubber Manufacturers Association and the National Association of Chain Manufacturers. Industry publications, studies and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the initial purchasers have independently verified such data and neither we nor the initial purchasers make any representations as to the accuracy of such information. Similarly, we believe our internal research is reliable but it has not been verified by any independent source.

The hoist parts market share and market position data contained in this prospectus is based on our own internal estimates, calculations and research, which we derive from our market shares of powered hoists and manual hoists and trolleys. We believe this market share data is a good proxy for our hoist parts market share because we believe most end-users purchase hoist parts from the original equipment supplier. Market share and market position data for mechanical actuators are internal estimates derived by comparison of our net sales to the net sales of one of our competitors and to total market sales from a trade association. Tire shredder market share and market position data is derived by comparing the number of our tire shredders in use and their capacity to estimates of the total number of tire shredders as published by a trade association. Market share and market position data for jib cranes are internal estimates derived from both the number of bids we win as a percentage of the total project for which we submit bids and from estimates of our competitors' net sales based on the relative position in distributors' catalogues. In determining our market shares and market positions, our internal estimates and calculations are based upon assumptions and interpretations which are subject to uncertainties and other factors. If our assumptions and interpretations are incorrect, it could cause certain market share and market position data reported in this prospectus to differ from actual results.

TRADEMARKS

CM, Budgit, Coffing, Duff-Norton, Herc-Alloy, Little Mule, Shaw-Box and Yale are registered trademarks of Columbus McKinnon Corporation. Abell-Howe, CES, Chester, Gaffey and Pfaff are unregistered trademarks of Columbus McKinnon Corporation.

NOTE ON INTERNATIONAL SALES

International sales in this prospectus are defined as sales to customers located outside of the United States.

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WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the Securities Exchange Commission, or SEC. We have also filed a registration statement on Form S-4 (commission File No. 333-173296), including exhibits, with the SEC with respect to the exchange offer. This prospectus is part of the registration statement, but does not contain all of the information included in the registration statement or exhibits. You may read and copy the registration statement and these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including our company. We make available on our Internet website free of charge our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports as soon as practicable after we electronically file such reports with the SEC. Our website address is <http://www.cmworks.com>. The contents of our website are not incorporated by reference herein. Other than as expressly stated herein, none of our reports, proxy statements or other information filed, or that we may file, with the SEC is incorporated by reference herein.

We will provide you without charge a copy of the notes, the indenture governing the notes and the related registration rights agreement. You may request these documents by contacting us at:

Columbus McKinnon Corporation
140 John James Audubon Parkway
Amherst, New York 14228-1197
Attention: Corporate Secretary
Phone: (716) 689-5400

CERTAIN INFORMATION WE ARE INCORPORATING BY REFERENCE

We are "incorporating by reference" into this prospectus information contained in documents that we have filed or will file with the SEC after the date of this prospectus, which means that we can disclose important information to you by referring you to these documents. The information incorporated by reference is considered to be part of this prospectus. Specifically, we incorporate by reference:

our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 filed with the SEC on May 28, 2010 as amended by Annual Report on Form 10-K/A, Amendment Number 1 filed with the SEC on March 15, 2011;

our Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2010, September 30, 2010 and December 31, 2010 filed with the SEC on July 30, October 10, 2010 and January 28, 2011, respectively;

our Current Reports on Form 8-K filed with the SEC on May, 28, 2010; July 29, 2010; July 29, 2010; August 12, 2010 August 18, 2010; August 26, 2010; October 29, 2010; November 17, 2010; December 22, 2010; January 10, 2011; January 10, 2011; January 10, 2011; January 13, 2011; January 18, 2011; January 25, 2011; January 28, 2011; February 3, 2011; February 11, 2011 and March 4, 2011.

our Proxy Statement dated June 23, 2010; and

We are also incorporating by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed "filed" with the SEC, including our compensation committee report and performance graph or any information

furnished pursuant to Items 2.02 or 7.01 of Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

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The information incorporated by reference from a specified report is as of the date of such report, or the date specified in such report, and such information may have changed subsequent to such date.

We will provide at no cost to each person, including any beneficial owner, to whom this prospectus is delivered, upon oral or written request of such person, a copy of any or all of the reports or documents that have been incorporated by reference in this prospectus, but not delivered therewith. Requests for such copies should be directed to us at the address listed under “Where You Can Find Additional Information”

These documents may also be accessed through our website at <http://www.cmworks.com> or as described under the heading “Where You Can Find More Information” in this prospectus. The information contained in, or that can be accessed through, our website is not a part of this prospectus. Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into this prospectus. To obtain timely delivery of any copies of filings requested, please write or telephone no later than May 26, 2011, five business days prior to the expiration of the exchange offer.

This exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding old notes in any jurisdiction in which this exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

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SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere or incorporated by reference in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. You should read the entire prospectus, including the “Risk Factors” section and our financial statements and notes to those statement, before making an investment decision. Unless otherwise indicated, or the context otherwise requires, the terms “we,” “us,” “our,” “our company” or “the company” refer to Columbus McKinnon Corporation and its subsidiaries taken as a whole.

Our Company

We are a leading global designer, manufacturer and marketer of hoists, actuators, cranes, lifting and rigging tools and other material handling products serving a wide variety of commercial and industrial end-user markets. Our products are used to efficiently and ergonomically move, lift, position or secure objects and loads. In the U.S., we are the market leader in hoists, our principal line of products, and in certain chain and forged attachment products. We offer customers one of the most comprehensive product offerings in the industry and believe our strong brand names and market-leading positions in our core products provide us with a strategic advantage in selling our full product range. We believe we have more overhead hoists in use in North America than all of our competitors combined. We believe we are the leader in the European market for manual hoist products. We effectively utilize our manual hoist distribution channels across Europe to distribute a broad, high-quality product range to our customers in that region. Globally, complemented by our October 2008 acquisition of Pfaff Beteiligungs GmbH (“Pfaff”), we believe we are the leader for mechanical actuator products and services. More recently, we have increased our investment in emerging markets, including the Asia-Pacific region, Latin America and Eastern Europe, by hiring additional sales personnel and opening additional sales offices. We have achieved leadership positions around the world through our commitment to product innovation and quality, our extensive, diverse and well-established distribution channels that include over 15,000 general and specialty distributors in over 50 countries, and through strategic acquisitions. We sell our products globally under a number of widely-recognized and well-respected brand names, including CM, Coffing, Chester, Duff-Norton, Pfaff, Shaw-Box and Yale. We operate 22 manufacturing facilities in seven countries with 41 stand alone sales and service offices in 19 countries. We were founded in 1875 and our shares have been traded on The Nasdaq National Market since 1996 (ticker: CMCO).

Products and End Markets

We design, manufacture and distribute a broad range of material handling products for various applications. Such products include a wide variety of electric, lever, hand and air-powered hoists; hoist trolleys; winches; industrial crane systems such as bridge, gantry and jib cranes; alloy and carbon steel chain; closed-die forged attachments, such as hooks, shackles, logging tools and load binders; industrial components, such as mechanical and electromechanical actuators and rotary unions; below-the-hook special purpose lifters; light-rail systems, tire shredders and other material handling tools. Approximately 75% of our revenue is generated by products with a unit price of less than \$5,000 with no single stock keeping unit (“SKU”) contributing more than 1 % of our annual net sales. Our products are typically manufactured for stock or assembled to order from standard components and are sold primarily through a variety of commercial distributors and, to a lesser extent, directly to end-users. The diverse end-users of our products are in a variety of industries including: manufacturing, power generation and distribution, utilities, wind power, warehouses, commercial construction, oil exploration and refining, petrochemical, marine, ship building, transportation and heavy duty trucking, agriculture, logging and mining. We also serve a niche market for the entertainment industry including permanent and traveling concerts, live theater and sporting venues.

Our Position in the Industry

The broad, global material handling industry includes the following sectors:

- overhead material handling and lifting devices;
 - continuous materials movement;
 - wheeled handling devices;
 - pallets, containers and packaging;
 - storage equipment and shop furniture;
 - automation systems and robots; and
 - services and unbundled software.

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The breadth of our products and services enables us to participate in most of the above-listed sectors. This diversification, together with our extensive and varied distribution channels, minimizes our dependence on any particular product, market or customer. We believe that none of our competitors offers the full variety of products or services that we offer in the markets we serve.

We believe that the demand for our products and services will be aided by several macro-economic growth drivers. These drivers include:

Productivity Enhancement--We believe employers respond to competitive pressures by seeking to maximize productivity and efficiency, among other actions. Our hoists and other lifting and positioning products allow loads to be lifted and placed quickly, precisely, with little effort and fewer people, thereby increasing productivity and reducing cycle time.

Safety Regulations--Driven by workplace safety regulations such as the Occupational Safety and Health Act and the Americans with Disabilities Act in the U.S., other safety regulations around the world and by the general competitive need to reduce costs such as health insurance premiums, lost productivity associated with injuries and workers' compensation expenses, employers seek safer ways to lift and position loads. Our lifting and positioning products enable these tasks to be performed with reduced risk of personal injury.

Consolidation of Suppliers--In an effort to reduce costs and increase productivity, our channel partners and end-user customers are increasingly consolidating their suppliers. We believe that our broad product offering combined with our well-established brand names will enable us to benefit from this consolidation and enhance our market share.

Our Competitive Strengths

Leading North American Market Positions--We are a leading manufacturer and marketer of hoists and alloy and high strength carbon steel chain and attachments in North America. We have developed our leading market positions over our 135-year history by emphasizing technological innovation, manufacturing excellence and high-quality service. Approximately 64% of our U.S. net sales for the twelve-month period ended December 31, 2009 were from product categories in which we believe we hold the number one market share. We believe that the strength of our established products and brands and our leading market positions provide us with competitive advantages, including preferred supplier status with a majority of our largest channel partners and end-user customers. Our large installed base of products also provides us with a significant competitive advantage in selling our products to existing customers as well as providing repair and replacement parts. During the most recent market downturn, we believe we gained market share in certain products through our vertical market focus and responsiveness to customer demands.

The following table summarizes the product categories where we believe we are the U.S. market leader (1):

Product Category	U.S. Market Share	U. S. Market Position	Percentage of U.S. Net Sales
Powered Hoists(2)	45	% #1	22 %
Manual Hoists & Trolleys(2)	55	% #1	13 %
Forged Attachments(2)	35	% #1	7 %
Lifting and Sling Chains	49	% #1	4 %
Hoist Parts(3)	50	% #1	10 %
Mechanical Actuators(4)	43	% #1	5 %
Tire Shredders(5)	80	% #1	2 %
Jib Cranes(6)	25	% #1	1 %

- (1) Industry, market and competitive position data are based on industry and general publications and research, third-party surveys and studies and internal estimates and calculations for the twelve-month period ended December 31, 2009. In determining our market shares and market positions, our internal estimates and calculations are based upon assumptions and interpretations which are subject to uncertainties and other factors. If our assumptions and interpretations are incorrect, it could cause the data set forth in the table to differ from actual results.
- (2) Market share and market position data are internal estimates derived from survey information collected and provided by our trade associations and are based on the twelve-month period ended December 31, 2009.

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- (3) Market share and market position data are internal estimates based on our market shares of Powered Hoists and Manual Hoists & Trolleys, which we believe are good proxies for our Hoist Parts market share because we believe most end-users, purchase Hoist Parts from the original equipment supplier.
- (4) Market share and market position data are internal estimates derived by comparison of our net sales to net sales of one of our competitors and to estimates of total market sales from a trade association in 2009.
- (5) Market share and market position data are internal estimates derived by comparing the number of our tire shredders in use and their capacity to estimates of the total number of tires shredded published by a trade association in 2009.
- (6) Market share and market position are internal estimates derived from both the number of bids we win as a percentage of the total projects for which we submit bids and from estimates of our competitors' net sales based on their relative position in distributor catalogues in 2009.

Comprehensive Product Lines, and Strong Name Recognition-We believe we offer the most comprehensive product lines in the markets we serve. We are the only major supplier of material handling equipment offering full lines of hoists, rigging and lifting tools as well as actuators. Most of our products are maintenance, repair and operating tools which work in conjunction with each other to create a complete lifting system. We complement our product offerings with engineering and design services to assist our channel partners and end-users in finding the optimal solution for their material handling needs. Our capability as a full-line supplier has allowed us to (i) provide our customers with “one-stop shopping” for material handling equipment, which meets some customers' desires to reduce the number of their supply relationships in order to lower their costs, (ii) leverage our engineering, product development and marketing costs over a larger sales base and (iii) achieve purchasing efficiencies on common materials used across our product lines. No single SKU comprises more than 1% of our sales, a testament to our broad and diversified product offering.

In addition, our brand names, including Budgit, Chester, CM, Coffing, Duff-Norton, Little Mule, Pfaff, Shaw-Box and Yale are among the most recognized and respected in the industry. The CM and Yale names have become synonymous with powered hoists and manual hoists and were first developed and marketed under these brand names in the early 1900s. We believe that our strong brand name recognition has created significant customer loyalty as evidenced by our many long-standing customer relationships. We are at the forefront of innovation in our industry and continually introduce new products to meet our changing customer needs. Products introduced during the three fiscal years ended March 31, 2010 accounted for approximately 16% of our sales; our goal is to increase this to 20%.

Distribution Channel Diversity and Strength-Our products are sold to over 15,000 general and specialty distributors, end-users and OEMs globally. We enjoy long-standing relationships with, and are a preferred provider to, the majority of our largest distributors and industrial buying groups. There has been consolidation among distributors of material handling equipment and we have benefited from this consolidation by maintaining and enhancing our relationships with our leading distributors, as well as forming new relationships. We believe our extensive distribution channels provide a significant competitive advantage and allow us to effectively market new product line extensions and promote cross-selling. Our largest distributor represents only approximately 4% of our total sales and our top 10 customers represent less than 15% of our total net sales.

Expanding International Markets-We have significantly increased our international sales since becoming a public company in 1996. Our international sales have grown from \$34.3 million (representing 16% of total sales) during the fiscal year ended March 31, 1996 to \$207.4 million (representing 44% of our total sales) during the fiscal year ended March 31, 2010. This growth has occurred primarily in Europe, Latin America and Asia-Pacific. The Pfaff acquisition in October 2008 has enhanced our international revenue growth, particularly in Europe. Additionally, we have recently opened four sales offices in Shanghai, Guangzhou, Wuhan and Shenyang, China to sell into this growing industrial market, with more planned in the coming year. Our international business has provided us, and we believe will continue to provide us, with significant growth opportunities and new markets for our products.

Efficient Operations with Low-Cost Structure-We are extremely focused on optimizing our cost structure and have taken a number of steps towards reducing our costs, including: consolidating facilities, promoting a lean cost culture, manufacturing in low cost jurisdictions, coordinating purchasing activities across the organization and selectively outsourcing non-critical functions. The actions we have taken to date have eliminated fixed costs from our operations and will provide us with significant operating leverage as the economic conditions in our markets continue to improve. Our operating leverage goal is for each incremental sales dollar to generate 20%-30% of additional operating income, in addition to the fixed cost savings realized from our facility consolidation activities.

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- **Rationalization and Consolidation**-We have a successful history of consolidating manufacturing facilities and optimizing warehouse utilization, resulting in lower annual operating costs and improving our fixed-variable cost relationship. During our fiscal year ended March 31, 2010, we initiated further consolidation of our North American hoist and rigging operations in accordance with our strategy. We completed the closure of one of our manufacturing facilities in Cedar Rapids, Iowa and significantly downsized manufacturing at a second facility in Mexico in the third quarter of the fiscal year ended March 31, 2010. Additionally, we completed the closure of a third facility in Muskegon, Michigan in the first quarter of the fiscal year ended March 31, 2011. These projects have resulted in an aggregate reduction of approximately 500,000 square feet of manufacturing space and are expected to generate annual savings estimated at approximately \$13-\$15 million.
- **Lean Culture**-We have been applying “Lean” techniques since 2001 and our efforts have resulted in a meaningful reduction in inventory levels, a significant decline in required manufacturing floor space, a decrease in product lead time and an improvement in productivity and on-time deliveries. We have witnessed the benefits of “Lean” principles in our manufacturing operations and are now working to develop a “Lean” culture throughout our organization-improving our processes and reducing waste in all forms in all of our business activities.
- **International Expansion**-Our continued expansion of our manufacturing facilities in China and Hungary provides us with a cost efficient platform to manufacture and distribute certain of our products and components. We now operate 22 manufacturing facilities in seven countries, with 41 stand alone sales and service offices in 19 countries.
- **Consolidated Purchasing Activities**-We continue to leverage our company-wide purchasing power through our Purchasing Council to reduce our costs and manage fluctuations in commodity pricing, including steel.
- **Selective Integration and Outsourcing**-We manufacture many of the critical parts and components used in the manufacture of our hoists and lifting systems, resulting in reduced costs. We also continually evaluate outsourcing opportunities for non-critical operations and components.

Strong After-Market Sales and Support-We believe that we retain customers and attract new customers due to our ongoing commitment to customer service and ultimate satisfaction. We have a large installed base of hoists and rigging tools that drives our after-market sales for replacement units and components and repair parts. We maintain strong relationships with our distribution channel partners and provide prompt service to end-users of our products through our authorized network of 16 chain repair stations and approximately 233 hoist service and repair stations.

Consistent Free Cash Flow Generation and Significant Debt Reduction-We have consistently generated positive free cash flow (which we define as net cash provided by operating activities less capital expenditures) through periods of economic uncertainty by continually controlling our costs, improving our working capital management and reducing the capital intensity of our manufacturing operations. Since March 31, 2006, despite the economic downturn, we have reduced total net debt by \$72.9 million, from \$158.4 million to \$85.5 million at December 31, 2010, and we continue to improve our cash balance. We manage our capital structure conservatively while maintaining flexibility to pursue attractive strategic growth opportunities.

Experienced Management Team with Equity Ownership-Our senior management team provides significant depth and continuity of experience in the material handling industry, supplemented by expertise in growing businesses, aggressive cost management, balance sheet management, efficient manufacturing techniques and acquiring and integrating businesses and global operations. This diverse experience has been critical to our success to date and will be instrumental to our long-term growth. Our management promotes the ownership of company stock by the executive officers and directors to align the interests of our leadership team with those of our stakeholders.

Our Strategy

Invest in New Products and Targeted Markets-We intend to leverage our competitive advantages to increase our market shares across all of our product lines and geographies by:

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- **Introducing New Products**-We continue to expand our business by developing new material handling products and services and expanding the breadth of our product lines to address the material handling needs of our customers. We design our powered hoist lines to many international standards including the FEM (European and Asian), ANSI (U.S.) and other standard setting bodies to ensure maximum utility for these products across geographies. We employ the StageGate process to enhance discipline and focus in our new product development program. New product sales (as defined by new items introduced within the last three years) amounted to \$74.5 million in the fiscal year ended March 31, 2010 (15.6% of total sales), \$74.8 million in the fiscal year ended March 31, 2009 (12.3% of total sales) and \$89.0 million in the fiscal year ended March 31, 2008 (15.0% of total sales). Our goal is for 20% of our sales each year to come from new product sales.
- **Leveraging Our Distribution Channel Relationships and Vertical Market Knowledge**-Our large diversified global customer base, our extensive distribution channels and our close relationships with end-users and channel partners provide us with insights into customer preferences and product requirements that allow us to anticipate and address the future needs of the marketplace. We are also investing in key vertical markets that will help us increase our revenues.
- **Broadening Our Product Offering**-Developing and offering a broad range of products to our channel partners is an important element of our strategy. Industrial channel partners offer a broad array of industrial components that are used by many end-user markets. We continue to review and add new material handling components to broaden our product offering, but also remove some products that we find duplicative or not marketable.

Continue to Grow in International Markets-International sales of \$207.4 million for the year ended March 31, 2010 represented 44% of our net sales for the year, up from 16% of our net sales in fiscal 1996, the year we became a public company. For the twelve months ended December 31, 2010, our international sales were \$225.3 million, or 45% of our total net sales for the period. Although we have made significant progress, our goal is to continue to increase our international presence to capitalize on the higher growth opportunities and to continue to diversify our business profile. We presently sell to distributors in over 50 countries and have our primary international manufacturin