DOUGLAS DYNAMICS, INC
Form S-1/A
April 20, 2010

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As filed with the Securities and Exchange Commission on April 20, 2010

Registration Number 333-164590

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 4
to
FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

DOUGLAS DYNAMICS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**3531**	**134275891**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**7777 North 73rd Street
Milwaukee, Wisconsin 53223
(414) 354-2310**

(Address, including zip code, and telephone number, including area code, of registrant's of principal executive offices)

**James L. Janik
President and Chief Executive Officer
Douglas Dynamics, Inc.
7777 North 73rd Street
Milwaukee, Wisconsin 53223
(414) 354-2310**

(Name, address and telephone number, including area code, of agent for service)

Copies to:

**Bruce D. Meyer
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As soon as practicable after this Registration Statement becomes effective.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, $.01 par value	11,500,000	$184,000,000	$13,119.20(3)

(1) Includes 1,500,000 shares that the underwriters have the option to purchase to cover overallotments, if any.

(2) Estimated solely for the purpose of computing the amount of the registration fee, in accordance with Rule 457(a) promulgated under the Securities Act of 1933.

(3) A filing fee of $10,695 was previously paid in connection with the filing of this Registration Statement on January 29, 2010. The aggregate filing fee of $13,119.20 is being offset by the $10,695 previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED APRIL 20, 2010

10,000,000 Shares

Douglas Dynamics, Inc.

Common Stock

This is the initial public offering of our common stock. We are selling 4,900,000 shares of common stock and the selling stockholders are selling 5,100,000 shares of common stock. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. Prior to this offering there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $14.00 and $16.00 per share. We have applied to list our common stock on the New York Stock Exchange under the symbol "PLOW."

The underwriters have a 30-day option to purchase on a pro rata basis an aggregate of 1,500,000 additional outstanding shares from the selling stockholders to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 14.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Douglas Dynamics, Inc.	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of our common stock will be made on or about , 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **Oppenheimer & Co.**

Baird **Piper Jaffray**

The date of this prospectus is , 2010.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. The information in this prospectus may only be accurate as of the date on the cover page of this prospectus. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

Dealer Prospectus Delivery Obligation

Until , 2010 (25 days after the commencement of this offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

The following summary should be read together with, and is qualified in its entirety by, the more detailed information and financial statements and related notes included elsewhere in this prospectus. The following summary does not contain all of the information you should consider before investing in our common stock. For a more complete understanding of this offering, we encourage you to read this entire prospectus, including the "Risk Factors" section, before making an investment in our common stock. All information in this prospectus has been adjusted to give effect to a 23.75-for-one stock split of our common stock that will be effective immediately prior to the consummation of the offering, unless otherwise specified.

In this prospectus, unless the context indicates otherwise: "Douglas Dynamics," the "Company," "we," "our," "ours" or "us" refer to Douglas Dynamics, Inc. (formerly known as Douglas Dynamics Holdings, Inc.) and its subsidiaries and "Douglas Holdings" refers to Douglas Dynamics, Inc. exclusive of its subsidiaries. Douglas Dynamics, Inc. is a Delaware corporation and the issuer of the common stock offered hereby.

Our Company

We are the North American leader in the design, manufacture and sale of snow and ice control equipment for light trucks, which consists of snowplows and sand and salt spreaders, and related parts and accessories. We sell our products under the WESTERN®, FISHER® and BLIZZARD® brands which are among the most established and recognized in the industry. We believe that in 2009 our share of the light truck snow and ice control equipment market was greater than 50%. In 2009, we generated net sales, Adjusted EBITDA (as defined in " Summary Historical Consolidated Financial and Operating Data") and net income of $174.3 million, $45.2 million and $9.8 million, respectively, as compared to net sales, Adjusted EBITDA and net income of $180.1 million, $47.7 million and $11.5 million, respectively, for 2008. See " Summary Historical Consolidated Financial and Operating Data" for a discussion of why management uses Adjusted EBITDA to measure our financial performance, and a reconciliation of net income to Adjusted EBITDA.

We offer the broadest and most complete product line of snowplows and sand and salt spreaders for light trucks in the U.S. and Canadian markets. We also provide a full range of related parts and accessories, which generates an ancillary revenue stream throughout the lifecycle of our snow and ice control equipment. For the year ended December 31, 2009, 85% of our net sales were generated from sales of snow and ice control equipment, and 15% of our net sales were generated from sales of parts and accessories.

We sell our products through a distributor network primarily to professional snowplowers who are contracted to remove snow and ice from commercial, municipal and residential areas. Over the last 50 years, we have engendered exceptional customer loyalty for our products because of our ability to satisfy the stringent demands of our customers for a high degree of quality, reliability and service. As a result, we believe our installed base is the largest in the industry with over 500,000 snowplows and sand and salt spreaders in service. Because sales of snowplows and sand and salt spreaders are primarily driven by the need of our core end-user base to replace worn existing equipment, we believe our substantial installed base provides us with a high degree of predictable sales over any extended period of time.

We believe we have the industry's most extensive North American distributor network, which primarily consists of over 720 truck equipment distributors who purchase directly from us and are located throughout the snowbelt regions in North America (primarily the Midwest, East and Northeast regions of the United States as well as all provinces of Canada). Beginning in 2005, we began to extend our reach to international markets, establishing distribution relationships in Northern Europe and Asia, where we believe meaningful growth opportunities exist.

We believe we are the industry's most operationally efficient manufacturer due to our vertical integration, highly variable cost structure and intense focus on lean manufacturing. We continually seek

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to use lean principles to reduce costs and increase the efficiency of our manufacturing operations. Our manufacturing efficiencies have contributed to the increase of our gross profit per unit by approximately 3.0% per annum, compounded annually, from 2000 to 2009. While we currently manufacture our products in three facilities that we own in Milwaukee, Wisconsin, Rockland, Maine and Johnson City, Tennessee, we have improved our manufacturing efficiency to the point that we will be closing our Johnson City, Tennessee facility effective mid-2010. We expect that the closing of this facility will yield estimated cost savings of approximately $4 million annually, with no anticipated reduction in production capacity. Furthermore, our manufacturing efficiency allows us to deliver desired products quickly to our customers during times of sudden and unpredictable snowfall events when our customers need our products immediately.

Our Industry

The light truck snow and ice control equipment industry in North America consists predominantly of domestic participants that manufacture their products in North America. The annual demand for snow and ice control equipment is driven primarily by the replacement cycle of the existing installed base, which is predominantly a function of the average life of a snowplow or spreader and is driven by usage and maintenance practices of the end-user. We believe actively-used snowplows are typically replaced, on average, every 7 to 8 years.

The primary factor influencing the replacement cycle for snow and ice control equipment is the level, timing and location of snowfall. Sales of snow and ice control equipment in any given year and region are most heavily influenced by local snowfall levels in the prior snow season. Heavy snowfall during a given winter causes equipment usage to increase, resulting in greater wear and tear and shortened life cycles, thereby creating a need for replacement equipment and additional parts and accessories.

While snowfall levels vary within a given year and from year-to-year, snowfall, and the corresponding replacement cycle of snow and ice control equipment, is relatively consistent over multi-year periods. The following chart depicts aggregate annual and eight-year (based on the typical life of our snowplows) rolling average of the aggregate snowfall levels in 66 cities in 26 snowbelt states across the Northeast, East, Midwest and Western United States where we monitor snowfall levels) from 1980 to 2009. As the chart indicates, since 1982 aggregate snowfall levels in any given rolling eight-year period have been fairly consistent, ranging from 2,742 to 3,295 inches.

Snowfall in Snowbelt States (inches)

(for October 1 through March 31)

Note:

The 8-year rolling average snowfall is not presented prior to 1982 for purposes of the calculation due to lack of snowfall data prior to 1975. Snowfall data in this chart is not adjusted for snowfall outside of the 66 cities in the 26 states reflected.

Source: National Oceanic and Atmospheric Administration's National Weather Service.

The demand for snow and ice control equipment can also be influenced by general economic conditions in the United States, as well as local economic conditions in the snowbelt regions in North America. In stronger economic conditions, our end-users may choose to replace or upgrade existing equipment before its useful life has ended, while in weak economic conditions, our end-users may seek

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to extend the useful life of equipment, thereby increasing the sales of parts and accessories. However, since snow and ice control management is a non-discretionary service necessary to ensure public safety and continued personal and commercial mobility in populated areas that receive snowfall, end-users cannot extend the useful life of snow and ice control equipment indefinitely and must replace equipment that has become too worn, unsafe or unreliable, regardless of economic conditions.

Sales of parts and accessories for 2008 and 2009, respectively, were approximately 85.8% and 58.3% higher than average annual parts and accessories sales over the preceding ten years, which management believes is largely a result of the deferral of new equipment purchases due to the recent economic downturn. Although sales of snow and ice control units increased in 2008 and 2009 as compared to 2007, management believes that absent the recent economic downturn, equipment sales in 2008 and 2009 would have been considerably higher due to the high levels of snowfall during these years, as equipment unit sales in 2008 and 2009 remained below the ten-year average, while snowfall levels in 2008 and 2009 were considerably above the ten-year average. Management believes this deferral of new equipment purchases could result in an elevated multi-year replacement cycle as the economy recovers.

Long-term growth in the overall snow and ice control equipment market also results from geographic expansion of developed areas in the snowbelt regions of North America, as well as consumer demand for technological enhancements in snow and ice control equipment and related parts and accessories that improves efficiency and reliability. Continued construction in the snowbelt regions in North America increases the aggregate area requiring snow and ice removal, thereby growing the market for snow and ice control equipment. In addition, the development and sale of more reliable, more efficient and more sophisticated products have contributed to an approximate 2% to 4% average unit price increase in each of the past five years.

Our Competitive Strengths

We compete solely with other North American manufacturers who do not benefit from our extensive distributor network, manufacturing efficiencies and depth and breadth of products. As the market leader in snow and ice control equipment for light trucks, we enjoy a set of competitive advantages versus smaller, more regionally-focused equipment providers, which allows us to generate robust cash flows in all snowfall environments and to support continued investment in our products, distribution capabilities and brand regardless of annual volume fluctuations. We believe these advantages are rooted in the following competitive strengths and reinforces our industry leadership over time.

Exceptional Customer Loyalty and Brand Equity. Our brands enjoy exceptional customer loyalty and brand equity in the snow and ice control equipment industry with both end-users and distributors which have been developed through over 50 years of superior innovation, productivity, reliability and support, consistently delivered season after season. We believe past brand experience, rather than price, is the key factor impacting snowplow purchasing decisions.

Broadest and Most Innovative Product Offering. We provide the industry's broadest product offering with a full range of snowplows, sand and salt spreaders and related parts and accessories. We believe we maintain the industry's largest and most advanced in-house new product development program, historically introducing several new and redesigned products each year. Our broad product offering and commitment to new product development is essential to maintaining and growing our leading market share position as well as continuing to increase the profitability of our business.

Extensive North American Distributor Network. With over 720 direct distributors, we benefit from having the most extensive North American direct distributor network in the industry, providing a significant competitive advantage over our peers. Our distributors function not only as sales and support agents (providing access to parts and service), but also as industry partners providing real-time

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end-user information, such as retail inventory levels, changing consumer preferences or desired functionality enhancements, which we use as the basis for our product development efforts.

Leader in Operational Efficiency. We believe we are a leader in operational efficiency in our industry, resulting from our application of lean manufacturing principles and a highly variable cost structure. By utilizing lean principles, we are able to adjust production levels easily to meet fluctuating demand, while controlling costs in slower periods. This operational efficiency is supplemented by our highly variable cost structure, driven in part by our access to a sizable temporary workforce (comprising approximately 10-15% of our total workforce), which we can quickly adjust, as needed. These manufacturing efficiencies enable us to respond rapidly to urgent customer demand during times of sudden and unpredictable snowfalls, allowing us to provide exceptional service to our existing customer base and capture new customers from competitors that we believe cannot service their customers' needs with the same speed and reliability.

Strong Cash Flow Generation. We are able to generate significant cash flow as a result of relatively consistent high profitability (Adjusted EBITDA Margins averaged 25.4% for the three-year period from 2007 to 2009), low capital spending requirements and predictable timing of our working capital requirements. Our cash flow results will also benefit substantially from approximately $18 million of annual tax-deductible intangible and goodwill expense over the next ten years, which has the impact of reducing our corporate taxes owed by approximately $6.7 million on an annual basis during this period, in the event we have sufficient taxable income to utilize such benefit. Our significant cash flow has allowed us to reinvest in our business, pay down long term debt by approximately $17 million over the past six years and pay substantial dividends on a pro rata basis to our stockholders, although no such dividends have been declared since 2006.

Experienced Management Team. We believe our business benefits from an exceptional management team that is responsible for establishing our leadership in the snow and ice control equipment industry for light trucks. Our senior management team, consisting of four officers, has an average of approximately 19 years of weather-related industry experience and an average of over nine years with our company. James Janik, our President and Chief Executive Officer, has been with us for over 17 years and in his current role since 2000, and through his strategic vision, we have been able to expand our distributor network and grow our market leading position.

Our Business Strategy

Our business strategy is to capitalize on our competitive strengths to maximize cash flow to pay dividends, reduce indebtedness and reinvest in our business to create stockholder value. The building blocks of our strategy are:

Continuous Product Innovation. We believe new product innovation is critical to maintaining and growing our market-leading position in the snow and ice control equipment industry. We will continue to focus on developing innovative solutions to increase productivity, ease of use, reliability, durability and serviceability of our products and on incorporating lean manufacturing concepts into our product development process, which has allowed us to reduce the overall cost of development and, more importantly, to reduce our time-to-market by nearly one-half. As a result of these efforts, approximately $73 million or 50% of our 2009 equipment sales came from products introduced or redesigned in the last five years.

Distributor Network Optimization. Over the last ten years, we have grown our network by over 250 distributors. We will continually seek opportunities to continue to expand our extensive distribution network by adding high-quality, well-capitalized distributors in select geographic areas and by cross-selling our industry-leading brands within our distribution network to ensure we maximize our ability to generate revenue while protecting our industry leading reputation, customer loyalty and brands. We will also focus on optimizing this network by providing in-depth training, valuable distributor support and attractive promotional and incentive opportunities. As a result of these efforts, we believe a majority of our distributors choose to sell our products exclusively. We believe this sizable high quality network is unique in the industry, providing us with valuable insight into purchasing trends and customer preferences, and would be very difficult to replicate.

Aggressive Asset Management and Profit Focus. We will continue to aggressively manage our assets in order to maximize our cash flow generation despite seasonal and annual variability in snowfall levels. We believe our ability is unique in our industry and enables us to achieve attractive margins in all snowfall environments. Key elements of our asset management and profit focus strategies include:

- employment of a highly variable cost structure, which allows us to quickly adjust costs in response to real-time changes in demand;

- use of enterprise-wide lean principles, which allow us to easily adjust production levels up or down to meet demand;

- implementation of a pre-season order program, which incentivizes distributors to place orders prior to the retail selling season and thereby enables us to more efficiently utilize our assets; and

- development of a vertically integrated business model, which we believe provides us cost advantages over our competition.

Additionally, although modest, our capital expenditure requirements and operating expenses can be temporarily reduced in response to anticipated or actual lower sales in a particular year to maximize cash flow.

Flexible, Lean Enterprise Platform. We will continue to utilize lean principles to maximize the flexibility, efficiency and productivity of our manufacturing operations while reducing the associated costs, enabling us to increase distributor and end-user satisfaction. For example, in an environment where shorter lead times and near-perfect order fulfillment are important to our distributors, we believe our lean processes have helped us to improve our shipping performance and build a reputation for providing industry leading shipping performance. In 2009, we fulfilled 98.2% of our orders on or before the requested ship date, without error in content, packaging or delivery, representing our strongest shipping performance to date, as compared to 71.0% in 2005 and 81.5% in 2008.

Our cost reduction efforts also include the rationalization of our supply base and implementation of a global sourcing strategy, resulting in approximately $3.2 million of cumulative annualized cost savings from 2006 to 2009 with the goal of an additional $1.1 million in annualized cost savings in 2010. In January 2009, we opened a sourcing office in China, which will become our central focus for specific component purchases and will provide a majority of our procurement cost savings in the future.

Our Growth Opportunities

Increase Our Industry Leading Market Share. We plan to leverage our industry leading position, distribution network and new product innovation capabilities to capture market share in the North American snow and ice control equipment market, focusing our primary efforts on increasing penetration in those North American markets where we believe our overall market share is less than 50%. We also plan to continue growing our presence in the snow and ice control equipment market outside of North America, particularly in Asia and Europe, which we believe could provide significant growth opportunities in the future.

Opportunistically Seek New Products and New Markets. We will consider external growth opportunities within the snow and ice control industry and other equipment or component markets. We plan to continue to evaluate acquisition opportunities within our industry that can help us expand our distribution reach, enhance our technology and as a consequence improve the breadth and depth of our product lines. We also consider diversification opportunities in adjacent markets that complement our business model and could offer us the ability to leverage our core competencies to create stockholder value.

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Recent Developments

As described under "Management's Discussion and Analysis Seasonality and Year-To-Year Variability," our revenue and operating results tend to be lowest during the first quarter, during which period we typically experience negative earnings as the snow season draws to a close. Our first quarter revenue has varied from approximately \$7.9 million to approximately \$22.4 million between 2005 and 2009. Management expects revenue for the period ended March 31, 2010 to be approximately in line with the middle of the range of first quarter revenue for the period from 2005 to 2009. During this five-year period, net income during the first quarter has varied from a net loss of approximately \$2.9 million to a net loss of approximately \$6.5 million, with an average net loss of \$4.7 million. Consistent with this historical seasonality, management currently expects to have a net loss for the period ended March 31, 2010 at the higher end of our historical experience over the last five years, due largely to costs associated with the closure of our Johnson City, Tennessee facility.

During the second quarter of 2010 we expect to incur non-cash charges related to the exercise of outstanding options by management and other optionholders and the write-off of deferred financing fees incurred in connection with our senior notes. In addition, we will incur cash expenses of \$5.8 million related to the termination of our Management Services Agreement and \$2.9 million related to the premium paid in connection with the redemption of our senior notes in connection with this offering.

Summary Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully consider the risks summarized below, the risks described under "Risk Factors" beginning on page 14 and the other information contained in this prospectus, including our consolidated financial statements and the related notes, before deciding to purchase any shares of our common stock:

- our results of operations depend primarily on the level, timing and location of snowfall in the regions in which we offer our products;

- the seasonality and year-to-year variability of our business can cause our results of operations and financial condition to be materially different from quarter-to-quarter and from year-to-year;

- if economic conditions in the United States continue to remain weak or deteriorate further, our results of operations and ability to pay dividends may be adversely affected;

- our failure to maintain good relationships with our distributors, the loss or consolidation of our distributor base or the actions or inactions of our distributors could have an adverse effect on our results of operations and ability to pay dividends;

- if we are unable to develop new products or improve upon our existing products on a timely basis, our business and financial condition could be adversely affected;

- if our costs of labor or the price of steel or other components of our products increase, our gross margins could decline;

- you may not receive the level of dividends provided for in the dividend policy that our Board of Directors will adopt or any dividends at all; and

- satisfying our debt service obligations and paying dividends may leave us with insufficient cash to fund unexpected cash needs and growth.

Contemplated Financing Transactions in Connection with this Offering

In connection with this offering, we intend to increase our existing term loan facility by \$40 million. We will use the proceeds from this offering together with proceeds from this increase in our term loan facility to redeem the outstanding $7^3/_4$% Senior Notes due 2012, which we refer to in this prospectus as our senior notes, issued by our direct wholly-owned subsidiaries, Douglas Dynamics, L.L.C. which we refer to in this prospectus as Douglas LLC, and Douglas Dynamics Finance

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Company, which we refer to in this prospectus as Douglas Finance. The total redemption amount is expected to be approximately $157.3 million, which amount includes accrued and unpaid interest and the associated redemption premium. Concurrent with the consummation of this offering, we also intend to amend our existing term loan and revolving credit facilities to permit the redemption of our senior notes.

Interests of Certain Affiliates in this Offering

Certain of our officers, directors and other affiliates may stand to benefit as a result of this offering.

Specifically, certain of our executive officers will exercise stock options and sell the underlying shares of common stock in this offering and will also be entitled to payments under our Liquidity Bonus Plan that provides for an aggregate cash bonus payment of $1 million to be distributed to eligible employees, including our officers. Additionally, our Chief Executive Officer holds deferred stock units that will convert into an equivalent number of shares of our common stock upon expiration of the lock-up agreement entered into by him. Certain of our officers and directors will also receive grants of restricted stock immediately prior to the pricing of our common stock sold in this offering.

The Aurora Entities and Ares, together with certain of our other stockholders, will also sell a portion of their shares of our common stock in this offering. We will also redeem the one share of Series B preferred stock and Series C preferred stock held respectively by Aurora Equity Partners II L.P. and Ares Corporate Opportunities Fund, L.P., which we refer to in this prospectus as Ares, at a price of $1,000 per share. In addition, Aurora Management Partners LLC, an affiliate of the Aurora Entities, together with ACOF Management, L.P., an affiliate of Ares, will receive an aggregate payment of approximately $5.8 million in connection with the amendment and restatement of our Amended and Restated Joint Management Services Agreement, which we refer to in its current form in this prospectus as the Management Services Agreement.

For a description of the interests of these parties in this offering, see "Interests of Certain Affiliates in this Offering."

Company Information

Douglas Holdings is a holding corporation that was formed and capitalized by Aurora Equity Partners II L.P., a Delaware limited partnership, and Aurora Overseas Equity Partners II, L.P., a Cayman Islands exempt limited partnership, which we collectively refer to in this prospectus as the Aurora Entities.

Douglas Holdings was formed for the purpose of effectuating the acquisition of our business in March 2004 from AK Steel Corporation, which we refer to in this prospectus as the Acquisition. Douglas Holdings owns all of the issued and outstanding limited liability company interests of Douglas LLC, our operating company, together with its subsidiaries.

We maintain our principal executive offices at 7777 North 73rd Street, Milwaukee, Wisconsin 53223, and our telephone number is (414) 354-2310. We maintain a website at *www.DouglasDynamics.com*. Information contained on our website is not a part of, and is not incorporated by reference into, this prospectus.

"WESTERN," "FISHER" and "BLIZZARD" and their respective logos are trademarks. Solely for convenience, from time to time we refer to our trademarks in this prospectus without the ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks.

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The Offering

Issuer	Douglas Dynamics, Inc.
Common stock offered by us	4,900,000 shares
Common stock offered by the selling stockholders	5,100,000 shares
Over-allotment option	The selling stockholders have granted the underwriters a 30-day option to purchase up to 1,500,000 additional outstanding shares of common stock from the selling stockholders at the initial public offering price less underwriting discounts and commissions. The option may be exercised only to cover any over-allotments.
Common stock outstanding after this offering	19,769,539 shares.
Use of proceeds	We will use the net proceeds from this offering together with an increase in our term loan facility to redeem our senior notes, including accrued and unpaid interest and the related redemption premium, for an estimated total of $157.3 million. We will not receive any proceeds from the sale of shares by the selling stockholders, including any shares sold pursuant to the underwriters' over-allotment option. See "Use of Proceeds."
Dividend policy	Our Board of Directors will adopt a dividend policy, effective upon the consummation of this offering, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend, commencing during the first full fiscal quarter following the consummation of this offering at an initial annual rate of $0.78 per share. The declaration and payment of these dividends will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition and earnings, legal requirements, taxes, the terms of our indebtedness and other factors our Board of Directors may deem to be relevant. See "Dividend Policy and Restrictions."
Risk factors	See "Risk Factors" beginning on page 14 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed NYSE symbol	PLOW

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Unless otherwise noted, all information in this prospectus assumes:

- no exercise of the underwriters' over-allotment option;
- the repurchase, after the consummation of this offering, of all of our senior notes, including accrued and unpaid interest through the anticipated redemption date (30 days following the consummation of this offering) and the associated redemption premium for a total of approximately $157.3 million;
- a 23.75-for-one stock split of our common stock that will occur prior to the consummation of this offering; and
- a public offering price of $15.00 per share of our common stock, which is the mid-point of the range set forth on the cover page of this prospectus.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial information as of and for the years ended December 31, 2007, 2008 and 2009 are derived from our audited consolidated financial statements which are included elsewhere in this prospectus.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should read this information together with "Selected Consolidated Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	For the year ended December 31		
	2007	2008	2009
		(in thousands)	
Consolidated Statement of Operations Data			
Equipment sales	$ 122,091	$ 151,450	$ 147,478
Parts and accessories sales	17,974	28,658	26,864
Net sales	140,065	180,108	174,342
Cost of sales	97,249	117,911	117,264
Gross profit	42,816	62,197	57,078
Selling, general and administrative expense(1)	22,180	26,561	27,639
Income from operations	20,636	35,636	29,439
Interest expense, net	(19,622)	(17,299)	(15,520)
Loss on extinguishment of debt	(2,733)		
Other income (expense), net	(87)	(73)	(90)
Income (loss) before taxes	(1,806)	18,264	13,829
Income tax expense (benefit)	(749)	6,793	3,986
Net income (loss)	$ (1,057)	$ 11,471	$ 9,843
Cash Flow			
Net cash provided by operating activities	$ 20,040	$ 23,411	$ 25,571
Net cash used in investing activities	(1,045)	(3,113)	(8,200)
Net cash provided by (used in) financing activities	$ 4,083	$ (2,265)	$ (1,850)
Other Data			
Adjusted EBITDA	$ 32,745	$ 47,742	$ 45,180
Capital expenditures(2)	$ 1,049	$ 3,160	$ 8,200

	As of December 31,		
	2007	2008	2009
		(in thousands)	
Selected Balance Sheet Data			
Cash and cash equivalents	$ 35,519	$ 53,552	$ 69,073
Total assets	375,649	391,264	404,619
Total debt	234,363	233,513	232,663
Total liabilities	283,705	293,203	296,395
Total redeemable stock and stockholders' equity	91,944	98,061	$ 108,224

(1) Includes management fees incurred with respect to related parties.

(2)

Capital expenditures for the year ended December 31, 2009 include $5 million related to the investments in our Milwaukee, Wisconsin and Rockland, Maine manufacturing facilities to support the closure of our Johnson City, Tennessee manufacturing facility.

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Discussion of Adjusted EBITDA

In addition to our results under United States generally accepted accounting principles, which we refer to in this prospectus as GAAP, we also use Adjusted EBITDA and Adjusted EBITDA Margin, non-GAAP financial measures, which we consider to be important and supplemental measures of our performance. Adjusted EBITDA represents net income before interest, taxes, depreciation and amortization, as further adjusted for certain non-recurring charges related to the closure of our Johnson City, Tennessee manufacturing facility, certain unrelated legal expenses and a one-time stock option repurchase, as well as management fees paid by us to Aurora Management Partners LLC, a Delaware limited liability company and an affiliate of the Aurora Entities, and ACOF Management, L.P., a Delaware limited partnership and an affiliate of Ares. Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of net sales. We use, and we believe our investors, and in particular, the Aurora Entities and Ares, which we collectively refer to as our principal stockholders in this prospectus, benefit from the presentation of Adjusted EBITDA and Adjusted EBITDA Margin in evaluating our operating performance because they provide us and our investors with additional tools to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. In addition, we believe that Adjusted EBITDA and Adjusted EBITDA Margin are useful to investors and other external users of our consolidated financial statements in evaluating our operating performance as compared to that of other companies, because they allow them to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and depletion, and amortization and accretion, which can vary substantially from company to company depending upon accounting methods and book value of assets and liabilities, capital structure and the method by which assets were acquired. Our management also uses Adjusted EBITDA and Adjusted EBITDA Margin for planning purposes, including the preparation of our annual operating budget and financial projections and believes Adjusted EBITDA Margin is useful in assessing the profitability of our core businesses. Management also uses Adjusted EBITDA to evaluate our ability to make certain payments, including dividends, in compliance with our senior credit facilities, which is determined based on a calculation of "Consolidated Adjusted EBITDA" that is substantially similar to Adjusted EBITDA. The definition of Consolidated Adjusted EBITDA under our senior credit facilities after giving effect to the amendments thereto will differ from our definition of Adjusted EBITDA in this prospectus primarily because the definition in our senior credit facilities after giving effect to the amendments thereto will exclude additional non-cash charges and non-recurring expenses, which we have not incurred during the periods presented. Specifically, Consolidated Adjusted EBITDA under our senior credit facilities after giving effect to the amendments thereto will be comprised of net income before interest, taxes, depreciation and amortization as further adjusted to exclude the effect of:

- expenses for management fees and termination fees paid by us pursuant to our Management Services Agreement;
- non-cash items resulting in an increase in net income for such period that are unusual or otherwise non-recurring items;
- certain non-cash charges including:
  - non-cash impairment charges;
  - non-cash expenses resulting from the grant of stock and stock options and other compensation to our management pursuant to a written incentive plan or agreement;
  - other non-cash items that are unusual or otherwise non-recurring items;
- certain non-recurring expenses including:

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- any extraordinary losses and non-recurring charges during any period (including severance, relocation costs, one-time compensation charges and losses or charges associated with interest rate agreements);
- restructuring charges or reserves (including costs related to closure of facilities);
- any transaction costs incurred in connection with the issuance of securities or any refinancing transaction, in each case whether or not such transaction is consummated;
- any fees and expensed related to certain acquisitions permitted under by our senior credit facilities;
- fees, expenses and other transaction costs incurred in connection with this offering and the concurrent amendments to our senior credit facilities;

and to include as a deduction in calculating Consolidated Adjusted EBITDA:

- certain cash payments made during the applicable period reducing reserves or liabilities for accruals made in prior periods but only to the extent such reserves or accruals were excluded from Consolidated Adjusted EBITDA in a prior period; and
- restricted payments made during such period to Douglas Holdings to pay its general administrative costs and expenses (other than restricted payments made to Douglas Holdings for the payment of fees, expenses and other transaction costs incurred in connection with this offering or the concurrent amendments to our senior credit facilities).

Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools. As a result, you should not consider them in isolation, or as substitutes for net income, operating income, operating income margin, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Some of these limitations are:

- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect any cash requirements for such replacements;
- Other companies, including other companies in our industry, may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, limiting their usefulness as comparative measures; and

- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect tax obligations whether current or deferred.

The Securities and Exchange Commission, which we refer to in this prospectus as the SEC, has adopted rules to regulate the use in filings with the SEC and public disclosures and press releases of non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA Margin, that are derived on the basis of methodologies other than in accordance with GAAP. These rules require, among other things:

- a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with GAAP; and

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a statement disclosing the purposes for which our management uses the non-GAAP financial measure.

The rules prohibit, among other things:

exclusion of charges or liabilities that require cash settlement or would have required cash settlement absent an ability to settle in another manner, from non-GAAP liquidity measures;

adjustment of a non-GAAP performance measure to eliminate or smooth items identified as non-recurring, infrequent or unusual, when the nature of the charge or gain is such that it is reasonably likely to recur; and

presentation of non-GAAP financial measures on the face of any financial information.

The following table presents a reconciliation of net income (loss), the most comparable GAAP financial measure, to Adjusted EBITDA as well as the resulting calculation of Adjusted EBITDA Margin, for each of the periods indicated:

	For the year ended December 31,		
	2007	2008	2009
	(in thousands)		
Net income (loss)	$ (1,057)	$ 11,471	$ 9,843
Interest expense net	19,622	17,299	15,520
Loss on extinguishment of debt	2,733		
Income taxes	(749)	6,793	3,986
Depreciation expense	4,632	4,650	5,797
Amortization	6,164	6,160	6,161
EBITDA	31,345	46,373	$ 41,307
Management fees	1,400	1,369	1,393
Stock option repurchase			732(1)
Other non-recurring charges			1,748(2)
Adjusted EBITDA	$ 32,745	$ 47,742	$ 45,180
Adjusted EBITDA Margin(3)	23.4%	26.5%	25.9%

(1) Reflects the stock-based compensation expense associated with the repurchase of stock options from certain of our executives.

(2) Reflects severance expenses and one-time, non-recurring expenses for facility preparation and moving costs related to the closure of our Johnson City, Tennessee facility of $1,054 and certain unrelated legal expenses of $694.

(3) Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of net sales.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and all of the other information contained in this prospectus before deciding whether to purchase our common stock. Our business, prospects, financial condition and operating results could be materially adversely affected by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing the risks described below, you should also refer to the other information contained in this prospectus, including our consolidated financial statements and the related notes, before deciding to purchase any shares of our common stock.

Risks Related to Our Business and Industry

Our results of operations depend primarily on the level, timing and location of snowfall. As a result, a decline in snowfall levels in multiple regions for an extended time could cause our results of operations to decline and adversely affect our ability to pay dividends.

As a manufacturer of snow and ice control equipment for light trucks, and related parts and accessories, our sales depend primarily on the level, timing and location of snowfall in the regions in which we offer our products. A low level or lack of snowfall in any given year in any of the snowbelt regions in North America (primarily the Midwest, East and Northeast regions of the United States as well as all provinces of Canada) will likely cause sales of our products to decline in such year as well as the subsequent year, which in turn may adversely affect our results of operations and ability to pay dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Seasonality and Year-to-Year Variability." A sustained period of reduced snowfall events in one or more of the geographic regions in which we offer our products could cause our results of operations to decline and adversely affect our ability to pay dividends.

The year-to-year variability of our business can cause our results of operations and financial condition to be materially different from year-to-year; whereas the seasonality of our business can cause our results of operations and financial condition to be materially different from quarter-to-quarter.

Because our business depends on the level, timing and location of snowfall, our results of operations vary from year-to-year. Additionally, because the annual snow season typically only runs from October 1 through March 31, our distributors typically purchase our products during the second and third quarters. As a result, we operate in a seasonal business. We not only experience seasonality in our sales, but also experience seasonality in our working capital needs. Consequently, our results of operations and financial condition can vary from year-to-year, as well as from quarter-to-quarter, which could affect our ability to pay dividends. If we are unable to effectively manage the seasonality and year-to-year variability of our business, our results of operations, financial condition and ability to pay dividends may suffer.

If economic conditions in the United States continue to remain weak or deteriorate further, our results of operations, financial condition and ability to pay dividends may be adversely affected.

Historically, demand for snow and ice control equipment for light trucks has been influenced by general economic conditions in the United States, as well as local economic conditions in the snowbelt regions in North America. During the last few years, economic conditions throughout the United States have been extremely weak, and may not improve in the foreseeable future. Weakened economic conditions may cause our end-users to delay purchases of replacement snow and ice control equipment and instead repair their existing equipment, leading to a decrease in our sales of new equipment. Weakened economic conditions may also cause our end-users to delay their purchases of new light trucks. Because our end-users tend to purchase new snow and ice control equipment concurrent with their purchase of new light trucks, their delay in purchasing new light trucks can also result in the deferral of their purchases of new snow and ice control equipment. The deferral of new equipment purchases during periods of weak economic conditions may negatively affect our results of operations, financial condition and ability to pay dividends.

Weakened economic conditions may also cause our end-users to consider price more carefully in selecting new snow and ice control equipment. Historically, considerations of quality and service have outweighed considerations of price, but in a weak economy, price may become a more important factor. Any refocus away from quality in favor of cheaper equipment could cause end-users to shift away from our products to less expensive competitor products, or to shift away from our more profitable products to our less profitable products, which in turn would adversely affect our results of operations and our ability to pay dividends.

Our failure to maintain good relationships with our distributors, the loss or consolidation of our distributor base or the actions or inactions of our distributors could have an adverse effect on our results of operations and our ability to pay dividends.

We depend on a network of truck equipment distributors to sell, install and service our products. Nearly all of these sales and service relationships are at will, and less than 1% of our distributors have agreed not to offer products that compete with our products. As a result, almost all of our distributors could discontinue the sale and service of our products at any time, and those distributors that primarily sell our products may choose to sell competing products at any time. Further, difficult economic or other circumstances could cause any of our distributors to discontinue their businesses. Moreover, if our distributor base were to consolidate or if any of our distributors were to discontinue their business, competition for the business of fewer distributors would intensify. If we do not maintain good relationships with our distributors, or if we do not provide product offerings and pricing that meet the needs of our distributors, we could lose a substantial amount of our distributor base. A loss of a substantial portion of our distributor base could cause our sales to decline significantly, which would have an adverse effect on our results of operations and ability to pay dividends.

In addition, our distributors may not provide timely or adequate service to our end-users. If this occurs, our brand identity and reputation may be damaged, which would have an adverse effect on our results of operations and ability to pay dividends.

Lack of available financing options for our end-users or distributors may adversely affect our sales volumes.

Our end-user base is highly concentrated among professional snowplowers, who comprise over 50% of our end-users, many of whom are individual landscapers who remove snow during the winter and landscape during the rest of the year, rather than large, well-capitalized corporations. These end-users often depend upon credit to purchase our products. If credit is unavailable on favorable terms or at all, our end-users may not be able to purchase our products from our distributors, which would in turn reduce sales and adversely affect our results of operations and ability to pay dividends.

In addition, because our distributors, like our end-users, rely on credit to purchase our products, if our distributors are not able to obtain credit, or access credit on favorable terms, we may experience delays in payment or nonpayment for delivered products. Further, if our distributors are unable to obtain credit or access credit on favorable terms, they could experience financial difficulties or bankruptcy and cease purchases of our products altogether. Thus, if financing is unavailable on favorable terms or at all, our results of operations and ability to pay dividends would be adversely affected.

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The price of steel, a commodity necessary to manufacture our products, is highly variable. If the price of steel increases, our gross margins could decline.

Steel is a significant raw material used to manufacture our products. During 2007, 2008 and 2009, our steel purchases were approximately 12%, 15% and 18% of our revenue, respectively. The steel industry is highly cyclical in nature, and steel prices have been volatile in recent years and may remain volatile in the future. Steel prices are influenced by numerous factors beyond our control, including general economic conditions domestically and internationally, the availability of raw materials, competition, labor costs, freight and transportation costs, production costs, import duties and other trade restrictions. After experiencing a downward trend in steel prices throughout most of 2009, steel prices may increase as a result of increased demand from the automobile and consumer durable sectors. If the price of steel increases, our variable costs may increase. We may not be able to mitigate these increased costs through the implementation of permanent price increases or temporary invoice surcharges, especially if economic conditions remain weak and our distributors and end-users become more price sensitive. If we are unable to successfully mitigate such cost increases in the future, our gross margins could decline.

We depend on outside suppliers who may be unable to meet our volume and quality requirements, and we may be unable to obtain alternative sources.

We purchase certain components essential to our snowplows and sand and salt spreaders from outside suppliers, including off-shore sources. Most of our key supply arrangements can be discontinued at any time. A supplier may encounter delays in the production and delivery of such products and components or may supply us with products and components that do not meet our quality, quantity or cost requirements. Additionally, a supplier may be forced to discontinue operations. Any discontinuation or interruption in the availability of quality products and components from one or more of our suppliers may result in increased production costs, delays in the delivery of our products and lost end-user sales, which could have an adverse effect on our business and financial condition.

In addition, we have begun to increase the number of our off-shore suppliers. Our increased reliance on off-shore sourcing may cause our business to be more susceptible to the impact of natural disasters, war and other factors that may disrupt the transportation systems or shipping lines used by our suppliers, a weakening of the dollar over an extended period of time and other uncontrollable factors such as changes in foreign regulation or economic conditions. In addition, reliance on off-shore suppliers may make it more difficult for us to respond to sudden changes in demand because of the longer lead time to obtain components from off-shore sources. We may be unable to mitigate this risk by stocking sufficient materials to satisfy any sudden or prolonged surges in demand for our products. If we cannot satisfy demand for our products in a timely manner, our sales could suffer as distributors can cancel purchase orders without penalty until shipment.

We do not sell our products under long-term purchase contracts, and sales of our products are significantly impacted by factors outside of our control; therefore, our ability to estimate demand is limited.

We do not enter into long-term purchase contracts with our distributors and the purchase orders we receive may be cancelled without penalty until shipment. Therefore, our ability to accurately predict future demand for our products is limited. Nonetheless, we attempt to estimate demand for our products for purposes of planning our annual production levels and our long-term product development and new product introductions. We base our estimates of demand on our own market assessment, snowfall figures, quarterly field inventory surveys and regular communications with our distributors. Because wide fluctuations in the level, timing and location of snowfall, economic conditions and other factors may occur, each of which is out of our control, our estimates of demand may not be accurate. Underestimating demand could result in procuring an insufficient amount of materials necessary for the production of our products, which may result in increased production costs, delays in product delivery, missed sale opportunities and a decrease in customer satisfaction. Overestimating demand could result in the procurement of excessive supplies, which could result in increased inventory and associated carrying costs.

If we are unable to enforce, maintain or continue to build our intellectual property portfolio, or if others invalidate our intellectual property rights, our competitive position may be harmed.

We rely on a combination of patents, trade secrets and trademarks to protect certain of the proprietary aspects of our business and technology. We hold approximately 20 U.S. registered trademarks (including the trademarks WESTERN®, FISHER® and BLIZZARD®), 5 Canadian registered trademarks, 28 U.S. issued patents and 15 Canadian patents. Although we work diligently to protect our intellectual property rights, monitoring the unauthorized use of our intellectual property is difficult, and the steps we have taken may not prevent unauthorized use by others. In addition, in the event a third party challenges the validity of our intellectual property rights, a court may determine that our intellectual property rights may not be valid or enforceable. An adverse determination with respect to our intellectual property rights may harm our business prospects and reputation. Third parties may design around our patents or may independently develop technology similar to our trade secrets. The failure to adequately build, maintain and enforce our intellectual property portfolio could impair the strength of our technology and our brands, and harm our competitive position. Although the Company has no reason to believe that its intellectual property rights are vulnerable, previously undiscovered intellectual property could be used to invalidate our rights.

If we are unable to develop new products or improve upon our existing products on a timely basis, it could have an adverse effect on our business and financial condition.

We believe that our future success depends, in part, on our ability to develop on a timely basis new technologically advanced products or improve upon our existing products in innovative ways that meet or exceed our competitors' product offerings. Continuous product innovation ensures that our consumers have access to the latest products and features when they consider buying snow and ice control equipment. Maintaining our market position will require us to continue to invest in research and development and sales and marketing. Product development requires significant financial, technological and other resources. We may be unsuccessful in making the technological advances necessary to develop new products or improve our existing products to maintain our market position. Industry standards, end-user expectations or other products may emerge that could render one or more of our products less desirable or obsolete. If any of these events occur, it could cause decreases in sales, a failure to realize premium pricing and an adverse effect on our business and financial condition.

We face competition from other companies in our industry, and if we are unable to compete effectively with these companies, it could have an adverse effect on our sales and profitability.

We primarily compete with regional manufacturers of snow and ice control equipment for light trucks. While we are the most geographically diverse company in our industry, we may face increasing competition in the markets in which we operate. In saturated markets, price competition may lead to a decrease in our market share or a compression of our margins, both of which would affect our profitability. Moreover, current or future competitors may grow their market share and develop superior service and may have or may develop greater financial resources, lower costs, superior technology or more favorable operating conditions than we maintain. As a result, competitive pressures we face may cause price reductions for our products, which would affect our profitability or result in decreased sales and operating income. Additionally, the potential for saturation of the markets in which we compete or channel conflicts among our brands and shifts in consumer preferences may increase these competitive pressures and affect our sales and profitability. Management believes that after Douglas, the next largest competitors in the market for snow and ice control equipment for light trucks

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are BOSS and Meyer, respectively, and accordingly represent our primary competitors for market share.

We are subject to complex laws and regulations, including environmental and safety regulations, that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to certain federal, state and local laws and regulations relating to, among other things, the generation, storage, handling, emission, transportation, disposal and discharge of hazardous and non-hazardous substances and materials into the environment, the manufacturing of motor vehicle accessories and employee health and safety. We cannot be certain that existing and future laws and regulations and their interpretations will not harm our business or financial condition. We currently make and may be required to make large and unanticipated capital expenditures to comply with environmental and other regulations, such as:

- applicable motor vehicle safety standards established by the National Highway Traffic Safety Administration;
- reclamation and remediation and other environmental protection; and
- standards for workplace safety established by the Occupational Safety and Health Administration.

While we monitor our compliance with applicable laws and regulations and attempt to budget for anticipated costs associated with compliance, we cannot predict the future cost of such compliance. During 2009 we expended approximately $450,000 related to compliance with such regulations and could expend similar or greater amounts in the future in the event of future legislation changes or unforeseen events, such as a workplace accident or environmental discharge, or if we otherwise discover we are in non-compliance with an applicable regulation. In addition, under these laws and regulations, we could be liable for:

- product liability claims;
- personal injuries;
- investigation and remediation of environmental contamination and other governmental sanctions such as fines and penalties; and
- other environmental damages.

Our operations could be significantly delayed or curtailed and our costs of operations could significantly increase as a result of regulatory requirements, restrictions or claims. We are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations.

Financial market conditions have had a negative impact on the return on plan assets for our pension plans, which may require additional funding and negatively impact our cash flows.

Our pension expense and required contributions to our pension plan are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets and the actuarial assumptions we use to measure the defined benefit pension plan obligations. Due to the significant financial market downturn during 2008, the funded status of our pension plans has declined. As of December 31, 2009, our pension plans were underfunded by approximately $9 million. In 2009, contributions to our defined benefit pension plans were approximately $1.4 million. If plan assets continue to perform below expectations, future pension expense and funding obligations will increase, which would have a negative impact on our cash flows. Moreover, under the Pension Protection Act of 2006, it is possible that continued losses of asset values may necessitate accelerated funding of our pension plans in the future to meet minimum federal government requirements.

The statements regarding our industry, market positions and market share in this prospectus are based on our management's estimates and assumptions. While we believe such statements are reasonable, such statements have not been independently verified.

Information contained in this prospectus concerning the snow and ice control equipment industry for light trucks, our general expectations concerning this industry and our market positions and other market share data regarding the industry are based on estimates our management prepared using end-user surveys, anecdotal data from our distributors and distributors that carry our competitors' products, our results of operations and management's past experience, and on assumptions made, based on our management's knowledge of this industry, all of which we believe to be reasonable. These estimates and assumptions are inherently subject to uncertainties, especially given the year-to-year variability of snowfall and the difficulty of obtaining precise information about our competitors, and may prove to be inaccurate. In addition, we have not independently verified the information from any third-party source and thus cannot guarantee its accuracy or completeness, although management also believes such information to be reasonable. Our actual operating results may vary significantly if our estimates and outlook concerning the industry, snowfall patterns, our market positions or our market shares turn out to be incorrect.

We are subject to product liability claims, product quality issues, and other litigation from time to time that could adversely affect our operating results or financial condition.

The manufacture, sale and usage of our products expose us to a risk of product liability claims. If our products are defective or used incorrectly by our end-users, injury may result, giving rise to product liability claims against us. If a product liability claim or series of claims is brought against us for uninsured liabilities or in excess of our insurance coverage, and it is ultimately determined that we are liable, our business and financial condition could suffer. Any losses that we may suffer from any liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may divert management's attention from other matters and may have a negative impact on our business and operating results. Additionally, we could experience a material design or manufacturing failure in our products, a quality system failure or other safety issues, or heightened regulatory scrutiny that could warrant a recall of some of our products. A recall of some of our products could also result in increased product liability claims. Any of these issues could also result in loss of market share, reduced sales, and higher warranty expense.

We are heavily dependent on our Chief Executive Officer and management team.

Our continued success depends on the retention, recruitment and continued contributions of key management, finance, sale and marketing personnel, some of whom could be difficult to replace. Our success is largely dependent upon our senior management team, led by our Chief Executive Officer and other key managers. The loss of any one or more of such persons could have an adverse effect on our business and financial condition.

Our indebtedness could adversely affect our operations, including our ability to perform our obligations and pay dividends.

As of December 31, 2009, as adjusted to give effect to this offering and the application of the proceeds therefrom (including the redemption of our senior notes), we would have had approximately $122.7 million of senior secured indebtedness and $52 million of available borrowings under our revolving credit facility. We may also be able to incur substantial indebtedness in the future, including senior indebtedness, which may or may not be secured. For example, concurrent with this offering, we intend to increase our existing term loan facility by $40 million. Further, if this offering is completed and all our senior notes are redeemed, our revolving credit facility will mature in May 2012 and our term loan facility will mature in May 2013 with respect to the existing term loans and May 2016 with respect to the additional $40 million of term loans. See "Description of Indebtedness Senior Credit Facilities."

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Our indebtedness could have important consequences to you, including the following:

- we could have difficulty satisfying our debt obligations, and if we fail to comply with these requirements, an event of default could result;
- we may be required to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the cash flow available to pay dividends or fund working capital, capital expenditures and other general corporate activities;
- covenants relating to our indebtedness may restrict our ability to make distributions to our stockholders;
- covenants relating to our indebtedness may limit our ability to obtain additional financing for working capital, capital expenditures and other general corporate activities, which may limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- we may be more vulnerable to general adverse economic and industry conditions;
- we may be placed at a competitive disadvantage compared to our competitors with less debt; and
- we may have difficulty repaying or refinancing our obligations under our senior credit facilities on their respective maturity dates.

If any of these consequences occur, our financial condition, results of operations and ability to pay dividends could be adversely affected. This, in turn, could negatively affect the market price of our common stock, and we may need to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly and could impose adverse consequences.

Certain of our borrowings, including our term loan and any revolving borrowings under our senior credit facilities, are at variable rates of interest and expose us to interest rate risk. In addition, the interest rate on any revolving borrowings is subject to an increase in the interest rate if the average daily availability under our revolving credit facility falls below a certain threshold. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows would correspondingly decrease.

Our senior credit facilities impose restrictions on us, which may also prevent us from capitalizing on business opportunities and taking certain corporate actions. One of these facilities also includes minimum availability requirements, which if unsatisfied, could result in liquidity events that may jeopardize our business.

Our senior credit facilities contain, and future debt instruments to which we may become subject may contain, covenants that limit our ability to engage in activities that could otherwise benefit our company, including restrictions on our ability to:

- incur, assume or permit to exist additional indebtedness or contingent obligations;

incur liens and engage in sale and leaseback transactions;

make loans and investments in excess of agreed upon amounts;

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- declare dividends, make payments or redeem or repurchase capital stock in excess of agreed upon amounts and subject to certain other limitations;
- engage in mergers, acquisitions and other business combinations;
- prepay, redeem or purchase certain indebtedness or amend or alter the terms of our indebtedness;
- sell assets;
- transact with affiliates or our stockholders; and
- alter the business that we conduct.

Our revolving credit facility also includes limitations on capital expenditures and requires us to maintain at least $6 million of borrowing availability. Failure to maintain such availability would constitute a "liquidity event" under our revolving credit facility, and as a result we would be required to comply with a fixed charge coverage ratio test. In addition, if such a liquidity event (or an event of default) occurs and is continuing, subject to certain limited cure rights, all proceeds of our accounts receivable and other collateral will be applied to reduce obligations under our revolving credit facility, jeopardizing our ability to meet other obligations. Our ability to comply with the covenants contained in our senior credit facilities or in the agreements governing our future indebtedness, and our ability to avoid liquidity events, may be affected by events, or our future performance, which are subject to factors beyond our control, including prevailing economic, financial, industry and weather conditions, such as the level, timing and location of snowfall and general economic conditions in the snowbelt regions of North America. A failure to comply with these covenants could result in a default under our senior credit facilities, which could prevent us from paying dividends, borrowing additional amounts and using proceeds of our inventory and accounts receivable, and also permit the lenders to accelerate the payment of such debt. If any of our debt is accelerated or if a liquidity event (or event of default) occurs that results in collateral proceeds being applied to reduce such debt, we may not have sufficient funds available to repay such debt and our other obligations, in which case, our business could be halted and such lenders could proceed against any collateral securing that debt. Further, if the lenders accelerate the payment of the indebtedness under our senior credit facilities, our assets may not be sufficient to repay in full the indebtedness under our senior credit facilities and our other indebtedness, if any. We cannot assure you that these covenants will not adversely affect our ability to finance our future operations or capital needs to pursue available business opportunities or react to changes in our business and the industry in which we operate.

The closure of our Johnson City, Tennessee manufacturing facility may entail risks to our business.

As part of our lean manufacturing strategy to lower our fixed costs, we plan to close our Johnson City, Tennessee manufacturing facility in mid 2010, and thereby reduce our manufacturing facilities from three to two. In connection with this closure, we plan to relocate our Johnson City operations and equipment into our remaining two facilities. We cannot assure you that we will realize contemplated cost savings from the closure of this facility. In addition, there may be risks associated with this closure for which we are unprepared, such as labor and employment litigation, difficulties implementing a smooth transition and the possibility that this closure leaves us with insufficient manufacturing capacity. It is therefore possible that our business could be negatively affected by the closure of this facility.

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Risks Related to this Offering of Our Common Stock

An active, liquid and orderly trading market for our common stock may not develop or be maintained, which could limit your ability to sell shares of our common stock.

Prior to the consummation of this offering, there has not have been a public market for our common stock. Although we have applied to list our common stock on The New York Stock Exchange, which we refer to in this prospectus as the NYSE, an active public market for our shares may not develop or be sustained after this offering. The initial public offering price for our shares will be determined by negotiations between us and representatives of the underwriters, and may not be indicative of the market price at which shares of our common stock will trade after this offering. In particular, we cannot assure you that you will be able to resell your shares of our common stock at or above the initial public offering price.

The market price of our common stock may be volatile, which could cause the value of your investment to decline or could subject us to securities class action litigation.

Even if a trading market develops, the market price of shares of our common stock could be subject to wide fluctuations in response to the many risk factors listed in this section and others beyond our control, including:

- variations in our quarterly operating results;
- our announcement of actual results for a fiscal period that are higher or lower than projected or expected results or our announcement of revenue or earnings guidance that is higher or lower than expected;
- unfavorable commentary from securities analysts or the failure of securities analysts to cover our common stock after this offering;
- sales of our common stock by our principal stockholders;
- changes in our dividend payment policy or failure to execute our existing policy;
- actions of competitors;
- changes in applicable government and environmental regulations; or
- general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions or interest rate changes may cause the market price of shares of our common stock to decline. If the market price of a share our common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and other reports that industry or securities analysts publish about us or our business. We do not currently have any and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Substantial future sales of our common stock in the public market could cause our stock price to fall.

Additional sales of our common stock in the public market after the consummation of this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. Upon consummation of this offering, we will have 19,769,539 shares of common stock outstanding. The 10,000,000 shares of our common stock sold in this offering, which includes 5,100,000 shares of common stock offered by the selling stockholders, as well as any shares disposed of upon exercise of the underwriters' over-allotment option, will be freely transferable without restriction or additional registration under the Securities Act of 1933, as amended, which we refer to in this prospectus as the Securities Act. The remaining 9,769,539 shares of common stock outstanding after this offering will be available for sale subject to, and in accordance with, the provisions of the Securities Act and the rules and regulations promulgated thereunder and to the extent applicable, any lock-up agreements that we, our officers, directors, employees and stockholders enter into. As any resale restrictions end, the market price of our common stock could decline if the holders of those shares sell them or are perceived by the market as intending to sell them. In addition, pursuant to certain provisions of our securityholders agreement that will remain in effect after the consummation of this offering, all securityholders who are parties to the securityholders agreement are entitled to certain "piggy-back" registration rights with respect to shares of our common stock, and certain securityholders are entitled to demand registration of their shares. See "Certain Relationships and Related Party Transactions Securityholders Agreement." Registration of any such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration.

As a new investor, you will experience immediate and substantial dilution.

Purchasers in this offering will immediately experience substantial dilution in net tangible book value of the shares they purchase. Because our common stock was originally sold at prices substantially lower than the assumed initial public offering price of $15.00 per share (which is the mid-point of the estimated offering price range set forth on the cover page of this prospectus) that you will pay, you will suffer immediate dilution of $18.92 per share in net tangible book value. The exercise of outstanding options, 747,935 of which were outstanding and exercisable as of December 31, 2009, and the conversion of deferred stock units, 174,230 of which were outstanding and exercisable as of December 31, 2009, may result in further dilution. See "Dilution."

Since no proceeds from this offering will be used to grow our business or develop new products, the value of your investment in our common stock could be negatively impacted.

We will use the net proceeds of this offering together with an increase in our term loan facility to redeem our senior notes (including accrued and unpaid interest and the related redemption premium). We will not receive any proceeds from the sale of our common stock by the selling stockholders. See "Use of Proceeds." We will not use any of the proceeds from this offering to grow our business or

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develop new products, which could negatively impact the value of your investment in our common stock.

Our principal stockholders will hold a significant portion of our common stock and may have different interests than us or you in the future.

Immediately after the consummation of this offering our principal stockholders will have the right to vote or direct the vote of approximately 48.80% (or 41.29% if the underwriters exercise their over-allotment option in full) of our voting power. Consequently, our principal stockholders will, and will for the foreseeable future continue to, be able to influence the election and removal of our directors and influence our corporate and management policies, including virtually all matters requiring stockholder approval, such as potential mergers or acquisitions, asset sales and other significant corporate transactions. This concentration of ownership may delay or deter possible changes in control of our company, which may reduce the value of your investment. We cannot assure you that the interests of our principal stockholders will coincide with the interests of our other holders of common stock. See "Certain Relationships and Related Party Transactions Securityholders Agreement."

Provisions of Delaware law and our charter documents could delay or prevent an acquisition of us, even if the acquisition would be beneficial to you.

Provisions in our certificate of incorporation and bylaws that we intend to adopt prior to the consummation of this offering may have the effect of delaying or preventing a change of control or changes in our management. These provisions include:

- the absence of cumulative voting in the election of our directors, which means that the holders of a majority of our common stock may elect all of the directors standing for election;

- the ability of our Board of Directors to issue preferred stock with voting rights or with rights senior to those of our common stock without any further vote or action by the holders of our common stock;

- the division of our Board of Directors into three separate classes serving staggered three-year terms;

- the ability of our stockholders to remove our directors is limited to cause and only by the vote of at least $66^2/_3\%$ of the outstanding shares of our common stock;

- the prohibition on our stockholders from acting by written consent and calling special meetings;

- the requirement that our stockholders provide advance notice when nominating our directors or proposing business to be considered by the stockholders at an annual meeting of stockholders; and

- the requirement that our stockholders must obtain a $66^2/_3\%$ vote to amend or repeal certain provisions of our certificate of incorporation.

We are also subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits us from engaging in any business combination with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. Since the respective affiliates of Aurora Capital Group and Ares Management that are common stockholders became interested stockholders of our company more than three years ago, we are not constrained by this provision with respect to business combinations with these stockholders. See "Description of Capital Stock." This provision, together with the provisions discussed above, could also make it more difficult for you and our other stockholders to elect directors and take other corporate actions, and could limit the price that investors might be willing to pay in the future for shares of our common stock.

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If we are unable to assess favorably the effectiveness of our internal control over financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified attestation report on our internal controls, our stock price could be adversely affected.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, beginning with our Annual Report on Form 10-K for the year ending 2011, our management will be required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. We may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In addition, in connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in completing the implementation of any requested improvements and receiving a favorable attestation. If we cannot timely and favorably assess the effectiveness of our internal control over financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified attestation report on our internal control over financial reporting, investor confidence and our stock price could decline.

Risks Relating to Our Dividend Policy

You may not receive the level of dividends provided for in the dividend policy our Board of Directors will adopt or any dividends at all.

We are not obligated to pay dividends on our common stock. Our Board of Directors will adopt a dividend policy, effective upon the consummation of this offering, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend. However, the declaration and payment of all future dividends to holders of our common stock are subject to the discretion of our Board of Directors, which may amend, revoke or suspend our dividend policy at any time and for any reason, including, our financial condition and earnings, legal requirements, taxes and other factors our Board of Directors may deem relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under certain circumstances.

Over time, our capital and other cash needs may change significantly from our current needs, which could affect whether we pay dividends and the level of any dividends we may pay in the future. If we were to use borrowings under our senior credit facilities to fund our payment of dividends, we would have less cash and/or borrowing capacity available for future dividends and other purposes, which could negatively affect our financial condition, our results of operations, our liquidity and our ability to maintain and expand our business. Accordingly, you may not receive dividends in the intended amounts, or at all. Any reduction or elimination of dividends may negatively affect the market price of our common stock.

Our ability to pay dividends will be restricted by agreements governing our debt, including our senior credit facilities, and by Delaware law.

Our senior credit facilities restrict our ability to pay dividends. See "Description of Indebtedness Senior Credit Facilities" and "Dividend Policy and Restrictions," where we describe the terms of our indebtedness, including provisions limiting our ability to declare and pay dividends. In addition, as a result of general economic conditions, conditions in the lending markets, the results of our business or for any other reason, we may elect or be required to amend or refinance our senior credit facilities, at or prior to maturity, or enter into additional agreements for indebtedness. Any such amendment, refinancing or additional agreement may contain covenants which could limit in a significant manner or entirely our ability to pay dividends to you.

Additionally, under the Delaware General Corporation Law, which we refer to in this prospectus as the DGCL, our Board of Directors may not authorize payment of a dividend unless it is either paid out of surplus, as calculated in accordance with the DGCL, or if we do not have a surplus, it is paid out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. See "Dividend Policy and Restrictions."

If, as a result of these restrictions, we are required to reduce or eliminate the payment of dividends, a decline in the market price or liquidity, or both, of our common stock could result. This may in turn result in losses by you.

Douglas Holdings, the issuer of the common stock being offered hereby, is a holding company with no operations of its own and depends on its subsidiaries for cash.

The terms of our senior credit facilities significantly restrict our subsidiaries from paying dividends and otherwise transferring assets to Douglas Holdings. In addition, the terms of our revolving credit facility specifically restricts Douglas Holdings' subsidiaries from paying dividends to Douglas Holdings if we do not maintain minimum availability under our revolving credit facility, and both our senior credit facilities restrict subsidiaries from paying dividends to Douglas Holdings if a default or event of default has occurred and is continuing under our senior credit facilities or if specified liquidity and leverage tests are not satisfied. As of December 31, 2009, we had the necessary availability to pay dividends at the level currently anticipated under our dividend policy, assuming the redemption of our senior notes and the effectiveness of the amendments to our senior credit facilities. We cannot assure you that we will maintain this availability. For a description of our dividend policy and the limitations on the payment of dividends contained in our senior credit facilities, see "Description of Indebtedness" and "Dividend Policy and Restrictions."

Our dividend policy may limit our ability to pursue growth opportunities.

If we pay dividends at the level currently anticipated under our dividend policy, we may not retain a sufficient amount of cash to finance growth opportunities, meet any large unanticipated liquidity requirements or fund our operations in the event of a significant business downturn. In addition, because a significant portion of cash available will be distributed to holders of our common stock under our dividend policy, our ability to pursue any material expansion of our business, including through acquisitions, increased capital spending or other increases of our expenditures, will depend more than it otherwise would on our ability to obtain third party financing. We cannot assure you that such financing will be available to us at all, or at an acceptable cost. If we are unable to take timely advantage of growth opportunities, our future financial condition and competitive position may be harmed, which in turn may adversely affect the market price of our common stock.

Market interest rates may have an effect on the trading value of our shares.

One of the factors that investors may consider in deciding whether to buy or sell our shares is our dividend rate as a percentage of our shares price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher dividend yield on our shares or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions can affect the market value of our shares. For instance, if interest rates rise, it is likely that the market price of our shares will decrease as market rates on interest-bearing securities, such as bonds, increase.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions and include references to assumptions and relate to our future prospects, developments and business strategies. Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- weather conditions, particularly lack of or reduced levels of snowfall;
- a significant decline in economic conditions;
- our inability to maintain good relationships with our distributors;
- lack of available or favorable financing options for our end-users or distributors;
- increases in the price of steel or other materials necessary for the production of our products that cannot be passed on to our distributors;
- the inability of our suppliers to meet our volume or quality requirements;
- our inability to protect or continue to build our intellectual property portfolio;
- our inability to develop new products or improve upon existing products in response to end-user needs;
- losses due to lawsuits arising out of personal injuries associated with our products; and
- our inability to compete effectively against competition.

We undertake no obligation to revise the forward-looking statements included in this prospectus to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences are discussed in this prospectus under the caption "Risk Factors" as well as elsewhere in this prospectus.

INDUSTRY INFORMATION

Information contained in this prospectus concerning the snow and ice control equipment industry for pickup trucks and sport utility vehicles, which we refer to as light trucks in this prospectus, our general expectations concerning this industry and our market positions and other market share data regarding this industry including, without limitation, statements with respect to the relative size of our installed base, our distribution network, operational efficiency, customer service and responsiveness, and shipping performance, are based on our general knowledge of our industry and competitors. This general knowledge is derived from estimates our management prepared using end-user surveys, anecdotal data from our distributors and distributors that carry our competitors' products, our results of operations and management's past experience, and on assumptions made by our management, based on its knowledge of this industry, all of which we believe to be reasonable. These estimates and assumptions are inherently subject to uncertainties and may prove to be inaccurate. In addition, we have not independently verified the information contained in any independent third-party source, although management also believes such information to be reasonable.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering (after deducting underwriting discounts and commissions and our estimated offering expenses) of approximately $64.4 million based on the assumed initial public offering price of $15.00 per share, which is the mid-point of the range set forth on the cover page of this prospectus. We will not receive any proceeds from the sale of our common stock by the selling stockholders in this offering. We will use the net proceeds to us from this offering, together with the $40 million increase in our term loan facility, as follows (in millions of dollars):

Sources		
Gross offering proceeds to us	$	73.5
Increase in term loan facility		40.0
Cash(1)		60.6
Total sources	$	174.1
Uses		
Redemption of senior notes(2)	$	157.3
Estimated fees and expenses related to this offering	$	9.1
Other estimated fees, expenses and other(3)		7.6
Total uses	$	174.1

(1) Includes approximately $0.6 million of proceeds due to the repayment upon the consummation of this offering of a portion of certain loans to former management. See "Certain Relationships and Related Party Transactions Related Party Transactions Promissory Notes/Pledge and Security Agreements." After giving effect to this offering and the transactions described above, we would have had approximately $9.1 million of cash on hand based on our cash on hand as of December 31, 2009.

(2) Includes the estimated related redemption premium of $2.9 million on our senior notes and accrued interest through the anticipated redemption date (30 days following the expected consummation date of this offering). Our senior notes bear interest at a rate of $7^3/_4$% per annum and are scheduled to mature on January 15, 2012.

(3) Includes an aggregate of $5.8 million that will be paid to Aurora Management Partners, LLC and ACOF Management, LP in connection with the amendment and restatement of the Management Services Agreement and that will be expensed upon the consummation of this offering. See "Certain Relationships and Related Party Transactions Management Services Agreement." Also includes $1.8 million of financing fees incurred in connection with the increase in our term loan, that will be partially capitalized. Additionally, this includes $2,000 that will be paid to Aurora Equity Partners II L.P. and Ares in connection with our redemption of the one share of Series B preferred stock and one share of Series C preferred stock held by Aurora Equity Partners II L.P. and Ares, respectively.

DIVIDEND POLICY AND RESTRICTIONS

General

During 2008 and 2009, we did not declare or pay any cash dividends on our common stock. Our Board of Directors will, however, adopt a dividend policy, effective upon the consummation of this offering, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend. This policy reflects our present judgment that it is in the best interest of our stockholders to distribute to them a significant portion of the cash generated by our business. We believe our dividend policy will limit, but not preclude, our ability to pursue growth opportunities. This limitation could be significant, for example, with respect to large acquisitions and growth opportunities that require cash investments in amounts greater than our available cash or external financing resources.

In accordance with this dividend policy and based upon our Board of Directors' review of our historical results of operations and the restrictions in our debt instruments, we currently intend to pay a quarterly dividend on our common stock, commencing during the first full fiscal quarter following the consummation of this offering at an initial annual rate of $0.78 per share.

There can be no assurance that we will declare or pay any cash dividends. The declaration and payment of these dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition or earnings, legal requirements, taxes and other factors our Board of Directors may deem to be relevant. The terms of our indebtedness may also prevent us from paying cash dividends on our common stock under certain circumstances. See "Risk Factors Our ability to pay dividends will be restricted by agreements governing our debt, including our senior credit facilities, and by Delaware law," " Restrictions on Payment of Dividends" and "Description of Indebtedness." Over time, our capital and other cash needs may change significantly from our current needs, which could affect whether we pay dividends and the level of any dividends we may pay in the future. Moreover, our Board of Directors may amend, revoke or suspend our dividend policy at any time and for any reason. Accordingly, you may not receive dividends in the intended amounts, or at all.

Restrictions on Payment of Dividends

Our ability to pay dividends will be restricted by current and future agreements governing our debt, including our senior credit facilities and by Delaware law.

Senior Credit Facilities

Our senior credit facilities, which are comprised of a $60 million senior secured revolving credit facility, which we refer to in this prospectus as our revolving credit facility, and an $85 million senior secured term loan facility (expected to increase by $40 million concurrent with the closing of this offering), which we refer to in this prospectus as our term loan facility, impose limitations on our ability to pay dividends. Under the restricted payments covenants for each of our senior credit facilities, we generally are restricted from paying dividends on our common stock other than dividends solely in shares of common stock to holders of that class. However, so long as no default or event of default and, in the case of our revolving credit facility only, no "liquidity event," has occurred and is continuing or would result from the payment, (a) subject to the Maximum Restricted Payment Amount described below, we can make restricted payments, including dividends, in an amount equal to the greater of (i) the Restricted Payment Amount described below and (ii) $16 million in the aggregate for any four-fiscal quarter period, and (b) we can make an additional $10 million in dividends or other restricted payments. Our payment of dividends under clause (a) above is also currently subject to satisfaction of the following conditions: (i) the aggregate amount of cash we have in deposit accounts subject to a control agreement in favor of the agent under our senior credit facilities and availability under our revolving credit facility must be at least $12 million and (ii) a total leverage ratio test of 6.0 to 1.0. To the extent, subsequent to this offering, Douglas Holdings issues additional capital stock, up to $25 million of such additional proceeds may also be used for restricted payments, including dividends. The amount available for dividends pursuant to the Restricted Payment Amount, the additional $10 million and the $25 million of proceeds of future equity issuances may also be used for restricted payments other than dividends (including certain payments of indebtedness, redemptions of stock, payments to retire options and warrants and payment of certain management fees), certain investments and certain payments of debt. To the extent that these amounts are used for a payment other than dividends, the amount available to be used for the payment of dividends would be reduced accordingly. Assuming the redemption of our senior notes and the amendments to our senior credit facilities had taken effect as of February 28, 2010, we would have been permitted to pay an aggregate of $26.7 million in dividends to our stockholders as of such date.

A "liquidity event" would occur if our availability under our revolving credit facility is less than $6 million (or if additional revolving commitments are made under our revolving credit facility, $6 million plus 10 percent of the aggregate amount of such increased commitments).

"Restricted Payment Amount" is generally defined under our senior credit facilities to mean, as of any date of determination, an amount (which can be less than zero) equal to (a) the difference (but not less than zero) between (i) "Restricted Payment EBITDA" and (ii) the product of 2.0 multiplied by our cumulative interest expense (determined, in each case, for the period commencing on the first day of the first full fiscal quarter after May 21, 2007 through and including the last full fiscal quarter (taken as one accounting period) preceding such date of determination), *plus* (b) the net cash proceeds received by us from a capital contribution or sale of capital stock after May 21, 2007 subject to certain adjustments for investments and other restricted payments (including any dividends utilizing the Restricted Payment Amount or any dividends utilizing the $16 million and $10 million provisions described above) and certain debt repayments.

"Restricted Payment EBITDA" under our senior credit facilities is a measurement of cash flow defined in our senior credit facilities reflecting our Consolidated Adjusted EBITDA as further adjusted for purposes of the dividend and restricted payments covenant by:

- excluding the effect of:
  - all non-recurring gains and losses,
  - interest attributable to indebtedness under sale and leaseback transactions, and
  - dividends accrued and payable on preferred stock (other than dividends accrued and payable solely in certain of our capital stock), and
- including in the calculation of Restricted Payment EBITDA all cash interest income to the extent reducing Consolidated Adjusted EBITDA.

"Maximum Restricted Payment Amount" is defined under our senior credit facilities to mean an amount for any four-fiscal quarter period determined by reference to Consolidated Adjusted EBITDA for the four-fiscal quarter period ending immediately prior to any given date of measurement, equal to, (a) if Consolidated Adjusted EBITDA is greater than or equal to $30 million and less than or equal to $40 million for the relevant test period, $24 million, (b) if Consolidated Adjusted EBITDA is greater than or equal to $27 million and less than $30 million for the relevant test period, $12 million, (c) if Consolidated Adjusted EBITDA is greater than or equal to $25 million and less than $27 million for the relevant test period, $8 million, and (d) if Consolidated Adjusted EBITDA is less than $25 million for the relevant test period, $0. If Consolidated Adjusted EBITDA is greater than $40 million for the relevant test period, the Maximum Restricted Payment Amount does not apply.

The foregoing is a summary of the actual provisions that are included in our senior credit facilities after giving effect to the amendments to be entered into concurrently with the closing of this offering,

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copies of which have been or will be filed with the SEC as exhibits to the registration statement of which this prospectus forms a part. For a description of additional terms relating to our senior credit facilities, see "Description of Indebtedness Senior Credit Facilities."

Delaware Law

Under Delaware law, our Board of Directors may not authorize payment of a dividend unless either it is paid out of our "surplus" (which is defined as total assets at fair market value minus total liabilities (including contingent liabilities) minus statutory capital), or if we do not have a surplus, it is paid out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value. The value of our capital may be adjusted from time to time by our Board of Directors. Our Board of Directors may base this determination on our financial statements, a fair valuation of our assets or another reasonable method. Although we believe we will be permitted to pay dividends at the anticipated levels in compliance with Delaware law, our Board of Directors will periodically seek to assure itself that the statutory requirements will be met before actually declaring dividends. In future periods, our Board of Directors may seek opinions from outside valuation firms to the effect that our solvency or assets are sufficient to allow payment of dividends, and such opinions may not be forthcoming. If we sought and were not able to obtain such an opinion, we likely would not be able to pay dividends. Douglas Holdings, the issuer of the common stock offered hereby, is a holding company and conducts all of its operations through its subsidiaries. As a result, Douglas Holdings will rely principally on distributions from its subsidiaries to have funds available for the payment of dividends. Each of our subsidiaries was formed in Delaware. As a result, they are also subject to the similar considerations and limitations under Delaware law on distributions.

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CAPITALIZATION

The following table sets forth as of December 31, 2009, our capitalization:

- on an actual basis;
- on an as adjusted basis to give effect to:
  - the filing of our fourth amended and restated certificate of incorporation, which will occur prior to the consummation of this offering, and that will provide for, among other things, the authorization of 200,000,000 shares of common stock and 5,000,000 shares of preferred stock and a 23.75-for-one stock split of our common stock;
  - the $5.8 million fee payable pursuant to the amendment and restatement of our Management Services Agreement;
  - the receipt of net proceeds from the sale of 4,900,000 shares of common stock by us in this offering at an assumed initial public offering price of $15.00 per share, which is the mid-point of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us;
  - the redemption of our senior notes, including the accrued and unpaid interest thereon through the anticipated redemption date (30 days following the consummation of this offering) and the associated redemption premium for a total of approximately $157.3 million and the write-off of deferred financing fees incurred in connection with our senior notes which are currently capitalized;
  - the redemption of our Series B preferred stock and Series C preferred stock for a total of $2,000; and
  - the borrowing of an additional $40 million under our term loan facility and the related incurrence of $1.8 million in financing fees, a portion of which will be capitalized.

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This table should be read together with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	December 31, 2009	
	Actual	As Adjusted
	(in thousands, except share data)	
Indebtedness:		
Revolving loan	$	$
Term loan	82,663	122,663
$7^3/_4$% senior notes due 2012	150,000	
Other indebtedness		
Total indebtedness	232,663	122,663
Redeemable preferred stock, Series A, par value $0.01 per share, 65,000 shares authorized, no shares outstanding actual, no shares authorized or outstanding as adjusted		
Redeemable preferred stock, Series B, par value $0.01 per share, 1 share authorized, 1 share outstanding actual, no shares authorized or outstanding as adjusted	1	
Redeemable preferred stock, Series C, par value $0.01 per share, 1 share authorized, 1 share outstanding actual, no shares authorized or outstanding as adjusted	1	
Stockholders' equity		
Common stock, par value $0.01 per share, 1,000,000 shares authorized, 607,231 shares outstanding actual, 200,000,000 shares authorized, 19,769,539 shares outstanding as adjusted(1)	6	198
Stockholders' notes receivable	(1,013)	(456)
Additional paid-in capital	60,111	124,828
Accumulated other comprehensive loss	(3,937)	(3,937)
Retained earnings	53,055	42,519
Total stockholders' equity	108,222	163,152
Total capitalization	$ 340,887	$ 285,815

(1) As adjusted common stock outstanding excludes the conversion of 174,230 deferred stock units into common stock as these units do not convert into common stock until the expiration of the lock-up agreements entered into by the holders in connection with this

offering. See "Underwriting."

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DILUTION

If you purchase shares of our common stock, you will experience immediate and substantial dilution. Dilution is the amount by which the offering price paid by the purchasers of our common stock to be sold in this offering will exceed the net tangible book value per share of our common stock after the offering. Net tangible book value per share represents the amount of total tangible assets (total assets less intangible assets) less total liabilities, divided by shares of our common stock outstanding, as of that date. The adjusted net tangible book value per share presented below is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities, as adjusted to give effect to the 23.75-for-one stock split of our common stock effected prior to the consummation of this offering, the redemption of our senior notes, $40 million in additional borrowings pursuant to our increased term loan facility and the redemption of our Series B preferred stock and Series C preferred stock, divided by the number of shares of our common stock outstanding as of December 31, 2009. After giving effect to the foregoing and our sale of 4,900,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share (which is the mid-point of the estimated offering price range set forth on the cover page of this prospectus), our as adjusted net tangible book value as of December 31, 2009 would have been a deficit of $77.5 million, or $(3.92) per share of common stock. This represents an immediate increase in net tangible book value of $5.23 per share to the existing stockholders and an immediate dilution in net tangible book value of $18.92 per share to new investors.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	$	15.00
Net tangible book value per share at December 31, 2009	$	(9.15)
Increase in net tangible book value per share attributable to new investors	$	5.23
Adjusted net tangible book value per share	$	(3.92)
Dilution per share to new investors	$	18.92

A $1.00 increase or decrease in the assumed initial public offering price of $15.00 per share would increase or decrease our adjusted net tangible book value by $4.6 million, the net tangible book value per share after the consummation of this offering by $0.23 and the dilution per share to new investors by $0.77, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, any increase or decrease in the number of shares that we (but not the selling stockholders) sell in this offering will increase or decrease our net proceeds by such increase or decrease, as applicable, multiplied by the offering price per share, less underwriting discounts and commissions and offering expenses. Any exercise by the underwriters of their over-allotment option, whether in full or part, will not impact our adjusted net tangible book value and corresponding dilution per share to new investors as all such proceeds will be received by the selling stockholders.

The following table summarizes, on the same as adjusted basis as of December 31, 2009, the total number of shares of common stock purchased from us or from the selling stockholders, the total

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consideration paid and the average price per share paid by the existing stockholders and by new investors purchasing shares in this offering:

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	14,869,539(1)	75.2%	$ 61.6 million	45.6%	$ 4.14
New investors	4,900,000	24.8	73.5 million	54.4	15.00
Total	19,769,539	100%	$ 135.1 million	100%	$ 6.83

(1) Includes shares issued upon exercise of stock options in connection with this offering and shares of restricted stock to be granted to certain employees in connection with this offering.

If the underwriters' over-allotment option is exercised in full, the number of shares held by the existing stockholders after the consummation of this offering would be reduced to 41.8% of the total number of shares of our common stock outstanding after consummation of this offering, and the number of shares held by new investors would increase to 11,500,000, or 58.2% of the total number of shares of our common stock outstanding after this offering.

If all our outstanding stock options and deferred stock units had been exercised or converted to common stock as of December 31, 2009, assuming the treasury stock method, our net tangible book value as of December 31, 2009 would have been approximately $(8.56) per share of our common stock, and our adjusted net tangible book value after giving effect to this offering would have been $(3.79) per share, representing dilution in our adjusted net tangible book value per share to new investors of $18.79.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data for the periods and at the dates indicated. The selected historical consolidated financial data as of December 31, 2007, 2008 and 2009 and for the three years in the period ended December 31, 2009 are derived from our audited consolidated financial statements included elsewhere in this prospectus.

The selected historical consolidated financial data for the years ended December 31, 2005 and 2006 are derived from our historical financial statements not included in this prospectus.

You should read the selected consolidated financial data presented on the following pages in conjunction with our consolidated financial statements and related notes appearing elsewhere in this prospectus as well as our "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31,				
	2005	2006	2007	2008	2009
	(in thousands)				
Selected Balance Sheet Data					
Cash and cash equivalents	$ 36,902	$ 12,441	$ 35,519	$ 53,552	$ 69,073
Total current assets	87,437	70,367	91,491	115,414	133,534
Total assets	390,915	365,168	375,649	391,264	404,619
Total current liabilities	32,994	18,089	19,013	23,858	25,187
Total debt	239,900	227,608	234,363	233,513	232,663
Total liabilities	283,473	271,447	283,705	293,203	296,395
Total redeemable stock and stockholders' equity	107,442	93,721	91,944	98,061	$ 108,224

	For the year ended December 31,				
	2005	2006	2007	2008	2009
	(in thousands, except per share data)				
Consolidated Statement of Operations Data					
Total sales	$ 183,608	$ 145,779	$ 140,065	$ 180,108	$ 174,342
Gross profit	71,920	45,232	42,816	62,197	57,078
Income from operations	46,799	20,459	20,636	35,636	29,439
Income tax expense (benefit)	10,978	443	(749)	6,793	3,986
Net income (loss)	19,121	197	(1,057)	11,471	9,843
Net income (loss) per basic share(1)	$ 29.79	$ (0.36)	$ (1.74)	$ 18.64	$ 16.21
Net income (loss) per diluted share(1)	$ 27.35	$ (0.36)	$ (1.74)	$ 18.20	$ 15.85
Net income (loss) per basic share, as adjusted(2)	$ 1.25	$ 0.02	$ (0.07)	$ 0.79	$ 0.68
Net income (loss) per diluted share, as adjusted(2)	$ 1.15	$ 0.02	$ (0.07)	$ 0.77	$ 0.67

	For the year ended December 31,				
	2005	2006	2007	2008	2009
	(in thousands)				
Other Data					
Adjusted EBITDA	$ 56,461	$ 32,564	$ 32,745	$ 47,742	$ 45,180
Capital expenditures(3)	$ 3,534	$ 3,449	$ 1,049	$ 3,160	$ 8,200

(1) Represents net income (loss) per share based on our historical capital structure which does not include the impact of the 23.75-for-one stock split of our common stock that will occur prior to the consummation of this offering.

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(2)
Represents net income (loss) per share after giving effect to a 23.75-for-one stock split of our common stock that will occur prior to the consummation of this offering.

(3)
Capital expenditures for the year ended December 31, 2009 include $5 million related to the investments in our Milwaukee, Wisconsin and Rockland, Maine manufacturing facilities to support the closure of our Johnson City, Tennessee manufacturing facility.

The following table presents a reconciliation of net income (loss), the most comparable GAAP financial measure, to Adjusted EBITDA, for each of the periods indicated. For more information, see the discussion of Adjusted EBITDA in "Prospectus Summary Summary Historical Consolidated Financial and Operating Data."

	For the year ended December 31,				
	2005	2006	2007	2008	2009
	(in thousands)				
Net income (loss)	$ 19,121	$ 197	$ (1,057)	$ 11,471	$ 9,843
Interest expense net	16,745	20,095	19,622	17,299	15,520
Loss on extinguishment of debt			2,733		
Income taxes	10,978	443	(749)	6,793	3,986
Depreciation expense	3,937	4,284	4,632	4,650	5,797
Amortization	4,377	6,166	6,164	6,160	6,161
EBITDA	55,158	31,185	31,345	46,373	$ 41,307
Management fees	1,303	1,379	1,400	1,369	1,393
Stock option repurchase					732(1)
Other non-recurring charges					1,748(2)
Adjusted EBITDA	$ 56,461	$ 32,564	$ 32,745	$ 47,742	$ 45,180

(1)
Reflects the stock-based compensation expense associated with the repurchase of stock options from certain of our executives.

(2)
Reflects severance expenses and one-time, non-recurring expenses for facility preparation and moving costs related to the closure of our Johnson City, Tennessee facility of $1,054 and certain unrelated legal expenses of $694.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations for the years ended December 31, 2007, 2008 and 2009 should be read together with our audited and unaudited consolidated financial statements and related notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in, or implied by, the forward-looking statements contained in this prospectus.

Overview

Our Business

We are the North American leader in the design, manufacture and sale of snow and ice control equipment for light trucks, which consists of snowplows and sand and salt spreaders, and related parts and accessories. We sell our products under the WESTERN®, FISHER® and BLIZZARD® brands which are among the most established and recognized in the industry. We believe that in 2009 our share of the light truck snow and ice control equipment market was greater than 50%. We sell our products exclusively through what we believe is the industry's most extensive North American distributor network, which primarily consists of over 720 truck equipment distributors who purchase directly from us and are located throughout the snowbelt regions in North America (primarily the Midwest, East and Northeast regions of the United States as well as all provinces of Canada). We have longstanding relationships with many of our distributors, with an average tenure of approximately 15 years. We continually seek to grow and optimize our network by opportunistically adding high-quality, well-capitalized distributors in select geographic areas and by cross-selling our industry-leading brands within our distribution network. Beginning in 2005, we began to extend our reach to international markets, establishing distribution relationships in Northern Europe and Asia, where we believe meaningful growth opportunities exist.

The annual demand for snow and ice control equipment is driven primarily by the replacement cycle of the existing installed base, which is predominantly a function of the average life of a snowplow or spreader and is driven by usage and maintenance practices of the end-user. We believe actively-used snowplows are typically replaced, on average, every 7 to 8 years. The primary factor influencing the replacement cycle for snow and ice control equipment is the level, timing and location of snowfall.

Accordingly, our sales depend primarily on the level, timing and location of snowfall. Sales of our products in any given year and region are most heavily influenced by local snowfall levels in the prior snow season. Heavy snowfall during a given winter causes usage of our equipment to increase, resulting in greater wear and tear and shortened life cycles, thereby creating a need for replacement equipment and additional parts and accessories. In addition, when there is a heavy snowfall in a given winter, the increased income our professional snowplowers generate from their professional snowplow activities provides them with increased purchasing power to purchase replacement snow and ice control equipment prior to the following winter. Moreover, in our experience, the timing of snowfall in a given winter also influences our end-users' decision-making process. Because an early snowfall can be viewed as a sign of a heavy upcoming snow season, our end-users may respond to an early snowfall by purchasing replacement snow and ice control equipment earlier than they might otherwise have. Alternatively, light snowfall during a given winter season may cause equipment usage to decrease, thereby extending its useful life and delaying replacement equipment purchases. Because the level, timing and location of snowfall are critical drivers of our sales, our results of operations vary from year-to-year and from season to season as snow fall varies from year to year. See " Seasonality and

Year-to-Year Variability" and "Risk Factors The year-to-year variability of our business can cause our results of operations and financial condition to be materially different from year-to-year; whereas the seasonality of our business can cause our results of operations and financial condition to be materially different from quarter-to-quarter."

The demand for our snow and ice control equipment can also be influenced by general economic conditions in the United States, as well as local economic conditions in the snowbelt regions in North America. In stronger economic conditions, our end-users may choose to replace or upgrade existing equipment before its useful life has ended, while in weak economic conditions, our end-users may seek to extend the useful life of equipment, thereby increasing the sales of parts and accessories. While our parts and accessories yield slightly higher gross margins than our snow and ice control equipment, they yield significantly lower revenue than equipment sales, which adversely affects our results of operations. However, since snow and ice control management is a non-discretionary service necessary to ensure public safety and continued personal and commercial mobility in populated areas that receive snowfall, end-users cannot extend the useful life of snow and ice control equipment indefinitely and must replace equipment that has become too worn, unsafe or unreliable, regardless of economic conditions.

Costs of Sales and Selling, General and Administrative Expense

Our costs of sales consist primarily of variable costs, including labor, materials and manufacturing overhead, which average approximately 81% to 84% of our total costs of sales each year. Our selling, general and administrative expenses consist primarily of our expenses for general administration, sales, marketing, advertising, administration, incentive plans and intangible amortization. Because of our highly variable cost structure, we are able to easily reduce our costs of sales during periods following a year in which snowfall levels were low and during periods in which sales are lower. Our selling, general and administrative expenses can also be reduced temporarily in such periods to maximize cash flow.

Although steel is a significant component of our cost of sales, we attempt to mitigate increases in the price of steel by implementing corollary price increases for our products in the form of a permanent price increase (in circumstances in which we believe the increase in the price of steel will be permanent) or temporary surcharges (in circumstances in which we believe the increase in the price of steel will be temporary).

Specifically, our cost of sales increased in 2008 and remained high in 2009 due in large part to elevated steel costs but also due to increased sales. Through the implementation of a permanent price increase and temporary invoice surcharge commencing in the fourth quarter of 2008 and extending such price increase through the twelve months ended December 31, 2009 and the invoice surcharge through January 31, 2009, we were successful in insulating our gross profit from the effect of steel price increases on our 2008 purchases. Though we continued to mitigate the effect of elevated steel costs throughout 2009, our gross profit in that period declined relative to the corresponding period in 2008. This was mainly due to the decline in unit sales of snow and ice control equipment we experienced and the consequent decrease in net sales relative to fixed costs. Notwithstanding that decrease, we believe the measures we have taken to mitigate the effect of steel prices remained effective throughout 2009, and we intend to continue to implement similar measures to mitigate steel cost increases in the future.

Results of Operations

Overview

In assessing our results of operations in a given period, one of the primary factors we consider is the level of snowfall experienced within the prior snow season. We typically compare the snowfall level in a given period both to the snowfall level in the prior season and to those snowfall levels we consider to be average. References to "average snowfall" levels below refer to the aggregate average inches of snowfall recorded in 66 cities in 26 snowbelt states in the United States during the annual snow season, from October 1 through March 31, from 1980 to 2009. During this period, snowfall averaged 2,983 inches, with the low in such period being 2,094 inches and the high being 4,502 inches.

Our results of operations for the year ended December 31, 2007 were negatively impacted by below average snowfall during the October 1, 2006 to March 31, 2007 snow season (approximately 11% below average). During the October 1, 2007 to March 31, 2008 and October 1, 2008 to March 31, 2009 snow seasons, we experienced above average snowfall (approximately 22% above average during the October 1, 2007 to March 31, 2008 snow season and 23% above average during the October 1, 2008 to March 31, 2009 snow season). Despite above average snowfalls during both of these periods, we believe that the economic downturn resulted in lower sales of snowplows and sand and salt spreaders, but increased sales of our parts and accessories as a percentage of total net sales during the year ended December 31, 2008 and year ended December 31, 2009 as compared to prior periods, because weakened economic conditions tend to cause our end-users to delay purchase of replacement snow and ice control equipment and instead repair their existing equipment.

Sales of parts and accessories for 2009 and 2008 were $26.9 million and $28.7 million, respectively, or approximately 58.3% and 85.8% higher than average annual parts and accessories sales over the preceding ten years (from 2000 to 2007, sales of parts and accessories ranged from approximately $9 million to $19 million per year, with an average of approximately $14 million). Management believes the increased sales of parts and accessories are largely a result of the deferral of new equipment purchases due to the severe economic downturn in 2008 and 2009, as many end-users chose to extend the life of their existing equipment beyond the typical replacement cycle. Although sales of snow and ice control units increased by 9.6% and 18.2% in 2009 and 2008, respectively, as compared to 2007, management believes that absent the recent economic downturn, equipment sales in 2009 and 2008 would have been considerably higher due to the high levels of snowfall during the year. Equipment unit sales in 2009 remained 13.9% below the immediately preceding ten-year average, despite the fact that snowfall levels were approximately 19% above the immediately preceding ten-year average (excluding units sold by Blizzard Corporation prior to its acquisition by us in November 2005). Equipment unit sales in 2008 remained 9% below the immediately preceding ten-year average, despite the fact that snowfall levels in 2008 were approximately 22% above the immediately preceding ten-year average (excluding units sold by Blizzard Corporation prior to its acquisition by us in November 2005). Management believes this deferral of new equipment purchases could result in an elevated multi-year replacement cycle as the economy recovers.

The following table shows our sales of snow and ice control equipment and related parts and accessories as a percentage of net sales for the periods indicated. During the years ended December 31, 2007, 2008 and 2009, we sold 40,538, 47,911 and 44,444 units of snow and ice control equipment, respectively.

	Year ended December 31,		
	2007	**2008**	**2009**
Equipment	87%	84%	85%
Parts and accessories	13%	16%	15%

The following table sets forth, for the periods presented, the consolidated statements of operations of Douglas Holdings and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the table below and throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations," consolidated statements of operations data for the years ended December 31, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements. The information contained in the table below should be read in

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conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus.

	For the year ended December 31,		
	2007	2008	2009
		(in thousands)	
Net sales	$ 140,065	$ 180,108	$ 174,342
Cost of sales	97,249	117,911	117,264
Gross profit	42,816	62,197	57,078
Selling, general and administrative expense(1)	22,180	26,561	27,639
Income from operations	20,636	35,636	29,439
Interest expense, net	(19,622)	(17,299)	(15,520)
Loss on extinguishment of debt	(2,733)		
Other income (expense), net	(87)	(73)	(90)
Income (loss) before taxes	(1,806)	18,264	13,829
Income tax expense (benefit)	(749)	6,793	3,986
Net income (loss)	$ (1,057)	$ 11,471	$ 9,843

(1) Includes management fees incurred with respect to related parties.

The following table sets forth, for the periods indicated, the percentage of certain items in our consolidated statement of operations data, relative to net sales:

	For the year ended December 31,		
	2007	2008	2009
Net sales	100.0%	100.0%	100.0%
Cost of sales	69.4	65.5	67.3
Gross profit	30.6	34.5	32.7
Selling, general and administrative expense	15.8	14.7	15.9
Income from operations	14.7	19.8	16.9
Net income (loss)	(0.8)%	6.4%	5.6%

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net Sales. Net sales were $174.3 million for the year ended December 31, 2009 compared to $180.1 million in 2008, a decrease of $5.8 million, or 3.2%. This decline was primarily driven by a $4 million decrease in sales of snow and ice control equipment. The decline in sales of snow and ice control equipment for the year ended December 31, 2009 was attributable to a decrease in sales volume of $24.4 million, or 13.5%, as compared to the prior year, offset by (1) price increases that we implemented beginning in the fourth quarter of 2008 and that extended throughout 2009 to cover steel cost inflation, which resulted in an $11.8 million increase to net sales as compared to the prior year and (2) the successful introduction of a new half-ton plow in June 2009, which together with other new product introductions in the last five years resulted in an $8.6 million increase to net sales as compared to the prior year. The 13.5% decrease in sales volume was largely a result of weak economic conditions that persisted throughout 2009 and which we believe led many end-users to repair their existing snow and ice control equipment instead of purchasing new equipment. Further, our net sales for the year ended December 31, 2008 were higher than in 2009 as a heavy snowfall in December 2007 caused our order flow to be unusually high toward the end of December 2007, resulting in a backlog at the start of 2008 and the shipment of an above-average number of units in the first quarter of 2008. Net sales of parts and accessories also declined in the year ended December 31, 2009 from the year ended

December 31, 2008 by 6.3% from $28.7 million to $26.9 million. Notwithstanding this decline, net sales of parts and accessories remained comparatively high in 2009, exceeding the preceding ten-year average by approximately 58.3%. As discussed above, the comparatively strong sales of parts and accessories was due in large part to the downturn in general economic conditions and local economic conditions in the snowbelt regions, which we believe led many of our end-users to repair their existing snow and ice control equipment instead of purchasing new equipment.

Cost of Sales. Cost of sales were $117.3 million for the year ended December 31, 2009 compared to $117.9 million in 2008, a decrease of $0.6 million, or 0.5%. This decrease was driven primarily by reduced costs caused by the decrease in unit sales of snow and ice control equipment, as discussed above. Costs of sales as a percentage of net sales, however, increased from 65.5% for the year ended December 31, 2008 to 67.3% for the year ended December 31, 2009 as a result of the decline in net sales for the year ended December 31, 2009, the increased cost of steel and the implementation of price increases to cover the increased cost of steel (because these price increases increased both our net sales and our cost of sales). As a percentage of cost of sales, fixed and variable costs were approximately 17% and 83% respectively for the year ended December 31, 2009 versus approximately 16% and 84% for the year ended December 31, 2008.

Gross Profit. Gross profit was $57.1 million for the year ended December 31, 2009 compared to $62.2 million in 2008, a decrease of $5.1 million, or 8.2%, due primarily to the decline in net sales described above under " Net Sales." As a percentage of net sales, gross profit decreased from 34.5% for the year ended December 31, 2008 to 32.7% for the corresponding period in 2009, as a result of the factors discussed above under " Net Sales" and " Cost of Sales."

Selling, General and Administrative Expense. Selling, general and administrative expenses were $27.6 million for the year ended December 31, 2009 compared to $26.6 million for the year ended December 31, 2008, an increase of $1.1 million, or 4% driven by the restructuring charges of $1.1 million related to the Johnson City closure. As a percentage of net sales, selling, general and administrative expenses increased from 14.7% for the year ended December 31, 2008 to 15.9% for the corresponding period in 2009 due to the decline in net sales discussed above.

Interest Expense. Interest expense was $15.5 million for the year ended December 31, 2009 compared to $17.3 million in the corresponding period in 2008, a decrease of $1.8 million. This decrease was due to reduced interest expense of $2.3 million due to lower interest rates on our term loan partially offset by $0.5 million of reduced interest income due to lower interest rates on short term cash investments.

Net Income. Net income for the year ended December 31, 2009 was $9.8 million compared to net income of $11.5 million for the corresponding period in 2008, a decrease of $1.6 million, or 14.2%. This decrease was driven by the factors described above, and primarily by the lower level of unit sales of snow and ice control equipment for the year ended December 31, 2009 compared to the corresponding period in 2008. As a percentage of net sales, net income was 5.6% for the year ended December 31, 2009 compared to 6.4% for the year ended December 31, 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net Sales. Net sales were $180.1 million for the year ended December 31, 2008 compared to $140.1 million in the prior year, an increase of $40 million, or 28.6%. The primary driver of this increase was a 37.7% increase in snowfall levels in the 2007 to 2008 snow season versus the 2006 to 2007 snow season. This increase in snowfall resulted in a $21 million, or 15.0%, increase in snow and ice control equipment sales in 2008 compared to 2007, including $18 million of growth primarily attributable to the successful introduction of new products in the last five years, and record sales of parts and accessories of $28.7 million in 2008, an increase of $10.7 million compared to 2007, which we believe was driven by the downturn in general economic conditions and local economic conditions in the snowbelt regions, which led many of our end-users to repair their existing snow and ice control equipment instead of purchasing new equipment. Additionally, year-over-year net sales benefited from price increases totaling $8.3 million, consisting of a 3.0% price increase from January to September 2008 totaling $3.8 million and an October to December average price increase of 10% consisting of a 7.0% permanent price increase for our products, along with a 3.0% price increase in the form of a steel surcharge due to higher steel prices which contributed $4.4 million to net sales.

Cost of Sales. Cost of sales were $117.9 million for the year ended December 31, 2008 compared to $97.2 million for the prior year, an increase of $20.7 million, or 21.3%. This increase was driven almost entirely by the increase in unit sales of snow and ice control equipment and parts and accessories, as discussed above. As a percentage of net sales, cost of sales decreased from 69.4% in 2007 to 65.5% in 2008. As a percentage of cost of sales, fixed and variable costs were approximately 16% and 84% respectively for the year ended December 31, 2008 versus approximately 19% and 81% for the year ended December 31, 2007.

Gross Profit. Gross profit was $62.2 million for the year ended December 31, 2008 compared to $42.8 million in the prior year, an increase of $19.4 million, or 45.3%. As a percentage of net sales, gross profit increased from 30.6% in 2007 to 34.5% in 2008, as a result of the factors discussed above under " Net Sales" and " Cost of Sales."

Selling, General and Administrative Expense. Selling, general and administrative expenses were $26.6 million for the year ended December 31, 2008, compared to $22.2 million for the prior year, an increase of $4.4 million, or 19.8%. Our increased sales in 2008 resulted in a $0.3 million increase in recruiting expense to fill open positions arising due to an increase in our labor headcount, an increase to our marketing expenditures, of $0.8 million attributable to advertising and promotions, an increase in the cost of our incentive plans of $1.8 million attributable to our annual incentive plan and $0.8 million attributable to our profit sharing plan. As a percentage of net sales, selling, general and administrative expenses decreased from 15.8% in the 2007 to 14.7% in 2008.

Interest Expense. Interest expense was $17.3 million for the year ended December 31, 2008 compared to $19.6 million for the year ended December 31, 2007, a decrease of $2.3 million. This decrease was mainly due to $1.2 million in lower interest on our term loan, $0.5 million lower interest on our revolving credit facility and a $0.5 million reduction in amortization of deferred financing costs.

Net Income. As a result of the factors discussed above, net income for the year ended December 31, 2008 was $11.5 million compared to a net loss of $1.1 million in the year ended December 31, 2007. As a percentage of net sales, net income was 6.4% for 2008 and (0.8)% for 2007.

Adjusted EBITDA

The following table sets forth our Adjusted EBITDA for the periods presented. For more information, please see the discussion of Adjusted EBITDA in the "Prospectus Summary."

	Year ended December 31, 2007	Year ended December 31, 2008	Year ended December 31, 2009
		(in thousands)	
Adjusted EBITDA	$ 32,745	$ 47,742	$ 45,180

Adjusted EBITDA for the year ended December 31, 2009 was $45.2 million compared to $47.7 million in the corresponding period in 2008, a decrease of $2.6 million, or 5.4%. As a percentage of net sales, Adjusted EBITDA decreased from 26.5% for the year ended December 31, 2008 to 25.9% for the year ended December 31, 2009. Adjusted EBITDA for the year ended December 31, 2008 was $47.7 million compared to Adjusted EBITDA of $32.7 million for the year ended December 31, 2007, an increase of $15 million, or 45.8%. As a percentage of net sales, Adjusted EBITDA increased from 23.4% in 2007 to 26.5% in 2008. In addition to the specific changes resulting from the exceptions, the changes to Adjusted EBITDA for the periods discussed resulted from factors discussed above under " Results of Operations."

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The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to Adjusted EBITDA, for each of the periods indicated. For more information regarding our use of non-GAAP financial measures, please see the discussion of Adjusted EBITDA in "Prospectus Summary."

	For the year ended December 31,		
	2007	2008	2009
		(in thousands)	
Net income (loss)	$ (1,057)	$ 11,471	$ 9,843
Interest expense net	19,622	17,299	15,520
Loss on extinguishment of debt	2,733		
Income taxes	(749)	6,793	3,986
Depreciation expense	4,632	4,650	5,797
Amortization	6,164	6,160	6,161
EBITDA	31,345	46,373	$ 41,307
Management fees	1,400	1,369	1,393
Stock option repurchase			732(1)
Other non-recurring charges			1,748(2)
Adjusted EBITDA	$ 32,745	$ 47,742	$ 45,180

(1) Reflects the stock-based compensation expense associated with the repurchase of stock options from certain of our executives.

(2) Reflects severance expenses and one-time, non-recurring expenses for facility preparation and moving costs related to the closure of our Johnson City, Tennessee facility of $1,054 and certain unrelated legal expenses of $694.

Discussion of Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. These estimates and assumptions are often based on judgments that we believe to be reasonable under the circumstances at the time made, but all such estimates and assumptions are inherently uncertain and unpredictable. Actual results may differ from those estimates and assumptions, and it is possible that other professionals, applying their own judgment to the same facts and circumstances, could develop and support alternative estimates and assumptions that would result in material changes to our operating results and financial condition. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances.

The most significant accounting estimates inherent in the preparation of our financial statements include estimates used in the determination of liabilities related to pension obligations, recovery of accounts receivable, impairment assessment of goodwill and other indefinite-lived intangible assets, as well as estimates used in the determination of the lower of cost or market value of inventory and liabilities related to taxation and product warranty.

We believe the following are the critical accounting policies that affect our financial condition and results of operations.

Defined Benefit Pension Obligation

As discussed in Note 12 to our audited consolidated financial statements included elsewhere in this prospectus, the pension benefit obligation and related pension expense or income of our pension plans are calculated in accordance with Accounting Standards Codification ("ASC") 715-30, Defined Benefit Plans-Pension, and are impacted by certain actuarial assumptions, including the discount rate and the expected rate of return on plan assets. Rates are evaluated on an annual basis considering such factors as market interest rates and historical asset performance. Actuarial valuations for 2009 used a discount rate of 6.0% and an expected long-term rate of return on plan assets of 8.0%. Our discount rate reflects the expected future cash flow based upon our funding valuation assumptions and participant data at the beginning of the plan year. The expected future cash flow was discounted by the Citigroup Pension Liability Index yield curve for the month preceding the 2009 year end.

In estimating the expected return on plan assets, we analyze historical and expected returns for multiple asset classes. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was then developed based upon those overall rates and the target asset allocation of the plan. Changes in the discount rate and return on assets can have a significant effect on the funded status of our pension plans, stockholders' equity and related expense. We cannot predict these changes in discount rates or investment returns and, therefore, cannot reasonably estimate whether the impact in subsequent years will be significant. The funded status of our pension plans is the difference between the projected benefit obligation and the fair value of its plan assets. The projected benefit obligation is the actuarial present value of all benefits expected to be earned by our employees service adjusted for future wage increases. At December 31, 2009, our pension obligation funded status was $9 million underfunded.

Our funding policy for our pension plans is to contribute amounts at least equal to the minimum annual amount required by applicable regulations. We contributed approximately $1.4 million to our pension plans in 2009. See Note 12 to our audited consolidated financial statements included elsewhere in this prospectus for a more detailed description of our pension plans.

Revenue Recognition and Allowance for Doubtful Accounts

We recognize revenues upon shipment to the customer, which is when title passes and all of the following conditions are satisfied: (1) persuasive evidence of an arrangement exists; (2) the price is fixed or determinable; (3) collectability is reasonably assured; and (4) the product has been shipped and we have no further obligations. Customers have no right of return privileges. Historically, product returns have not been material and are permitted on an exception basis only.

We offer a variety of discounts and sales incentives to our distributors. The estimated liability for sales discounts and allowances is recorded at the time of sale as a reduction of net sales. The liability is estimated based on the costs of the program, the planned duration of the program and historical experience.

We carry our accounts receivable at their face amount less an allowance for doubtful accounts. On a periodic basis, we evaluate our accounts receivable and establishes an allowance for doubtful accounts based on a combination of specific distributor circumstances and credit conditions taking into account the history of write-offs and collections. A receivable is considered past due if payment has not been received within the period agreed upon in the invoice. Accounts receivable are written off after all collection efforts have been exhausted. We take a security interest in the inventory as collateral for the receivable but often do not have a priority security interest. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for further information regarding our allowance for doubtful accounts.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be

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held and used is measured by comparison of the carrying value of such assets to the undiscounted future cash flows expected to be generated by the assets. If the carrying value of an asset exceeds its estimated undiscounted future cash flows, an impairment provision is recognized to the extent that the carrying amount of the asset exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value of the asset, less costs of disposition. Our management considers such factors as current results, trends and future prospects, current market value, and other economic and regulatory factors in performing these analyses. We determined that no long-lived assets were impaired as of December 31, 2009, 2008 and 2007.

Goodwill and Other Intangible Assets

We perform an annual impairment test for goodwill and trade names and more frequently if an event or circumstances indicate that an impairment loss has been incurred. Conditions that would trigger an impairment assessment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset. The analysis of potential impairment of goodwill requires a two-step process. The first step is the estimation of fair value of the applicable reporting unit. We have determined we have one reporting unit, and all significant decisions are made on a companywide basis by our chief operating decision maker. The fair value of the reporting unit is estimated by applying valuation multiples and estimating future discounted cash flows. The selection of multiples is dependent upon assumptions regarding future levels of operating performance as well as business trends, prospects and market conditions. When preparing a discounted cash flow analysis, we make a number of key estimates and assumptions. We estimate the future cash flows of the business based on historical and forecasted revenues and operating costs. This, in turn, involves further estimates, such as estimates of future growth rates and inflation rates. In addition, we apply a discount rate to the estimated future cash flows for the purpose of the valuation. This discount rate is based on the estimated weighted average cost of capital for the business and may change from year to year. Weighted average cost of capital includes certain assumptions such as market capital structures, market betas, risk-free rate of return and estimated costs of borrowing. Changes in these key estimates and assumptions, or in other assumptions used in this process, could materially affect our impairment analysis for a given year. Additionally, since our measurement also considers a market approach, changes in comparable public company multiples can also materially impact our impairment analysis. The estimated fair value is compared with our aggregate carrying value. If our fair value is greater than the carrying amount, there is no impairment. If our carrying amount is greater than the fair value, then the second step must be completed to measure the amount of impairment, if any.

The second step calculates the implied fair value of the goodwill, which is compared to its carrying value. The implied fair value of goodwill is calculated by valuing all of the tangible and intangible assets of the reporting unit at the hypothetical fair value, assuming the reporting unit had been acquired in a business combination. The excess of the fair value of the entire reporting unit over the fair value of its identifiable assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, an impairment loss is recognized equal to the difference. Annual impairment tests conducted by us on December 31, 2009, 2008 and 2007 resulted in no adjustment to the carrying value of our indefinite-lived intangibles.

Our goodwill and trade name balances could be impaired in future periods. A number of factors, many of which we have no ability to control, could affect our financial condition, operating results and business prospects and could cause actual results to differ from the estimates and assumptions we employed. These factors include:

- a prolonged global economic crisis;
- a significant decrease in the demand for our products;
- the inability to develop new and enhanced products and services in a timely manner;

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator; and
- successful efforts by our competitors to gain market share in our markets.

Our cash flow assumptions are based on historical and forecasted revenue, operating costs and other relevant factors. If management's estimates of future operating results change or if there are changes to other assumptions, the estimate of the fair value of our business may change significantly. Such change could result in impairment charges in future periods, which could have a significant impact on our operating results and financial condition.

Inventory Valuation

Inventories are stated at the lower of cost or market. Market is determined on the basis of estimated realizable values. Cost is determined using the first-in, first-out basis. We periodically review our inventory for slow-moving, damaged and discontinued items and provide reserves to reduce such items identified to their recoverable amounts.

Income Taxes

Our estimate of income taxes payable, deferred income taxes and the effective tax rate is based on an analysis of many factors including interpretations of federal and state income tax laws, the difference between tax and financial reporting bases and liabilities, estimates of amounts currently due or owed in various jurisdictions, and current accounting standards. We review and update our estimates on a quarterly basis as facts and circumstances change and actual results are known.

We have generated significant deferred tax assets as a result of goodwill and intangible asset book versus tax differences as well as net operating loss carryforwards. In assessing the ability to realize these deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductable. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. As a result of this analysis, we have recorded a valuation allowance against certain of these deferred tax assets.

On January 1, 2007, we adopted accounting guidance originally issued under Financial Interpretation No. 48, A*ccounting for Uncertainty in Income Taxes* (codified in ASC 740 *Income Taxes*). This interpretation prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. This pronouncement also provides guidance on the measurement, classification and recognition of tax positions. As a result of the adoption of this pronouncement, accruals for tax contingencies, if any, are provided for in accordance with the requirements of ASC 740. See Note 10 to our audited consolidated financial statements included elsewhere in this prospectus for further information regarding our accounting for income taxes.

Warranty Cost Recognition

We accrue for estimated warranty costs as sales are recognized and periodically assess the adequacy of the recorded warranty liability and adjust the amount as necessary. Our warranties generally provide, with respect to our snow and ice control equipment, that all material and workmanship will be free from defect for a period of two years after the date of purchase by the end-user, and with respect to our parts and accessories purchased separately, that such parts and accessories will be free from defect for a period of one year after the date of purchase by the end-user. Certain snowplows only provide for a one year warranty. We determine the amount of the estimated warranty costs (and our corresponding warranty reserve) based on our prior five years of warranty history utilizing a formula driven by historical warranty expense and applying management's judgment. We adjust our historical warranty costs to take into account unique factors such as the introduction of new products into the marketplace that do not provide a historical warranty record to assess.

New Accounting Pronouncements

Effective July 1, 2009, the Company adopted FASB Topic ASC 105-10, *Generally Accepted Accounting Principles Overall* ("ASC 105-10"). ASC 105-10 establishes the FASB ASC as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with GAAP. We have updated GAAP referencing for this prospectus. The FASB Codification has been reflected in the financial reporting of the Company.

On December 30, 2008, the FASB originally issued FSP No. FAS 132(R)-1 *Employer's Disclosures about Postretirement Benefit Assets* (codified in ASC Topic 715-20, *Defined Benefit Plans* ("ASC-715-20")) related to employers' disclosures regarding postretirement benefit plan assets. This statement provides additional guidance on employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. ASC 715-20 is effective for periods ending after December 15, 2009, on a prospective basis. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

Effective July 1, 2009, we adopted FASB ASC Topic 855-10, *Subsequent Events Overall* ("ASC 855-10"). ASC 855-10 establishes standards for the accounting for and the disclosing of subsequent events. ASC 855-10 introduces new terminology, defines a date for certain companies through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the balance sheet date.

In December 2007, the FASB originally issued SFAS No. 141R, *Business Combinations* (codified in ASC Topic 805 ("ASC 805")), which establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any non-controlling interest in the acquiree. ASC 805 provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. ASC 805 is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. ASC 805 is to be applied prospectively to business combinations for which the acquisition date is on or after the first reporting period beginning on or after December 15, 2008. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows; however this standard will impact accounting for any future acquisition transactions.

In April 2008, the FASB originally issued FSP No. FASB 142-3, *Determination of the Useful Life of Intangible Assets* (FSP No. FAS No. 142-3) (codified in *FASB ASC Topic 350 Intangible Goodwill and Other).* FSP No. FASB 142-3 prospectively amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent of the position is to improve the consistency between the useful life of a recognized intangible asset under FSP No. FASB 142-3 and the period of expected cash flows used to measure the fair value of the asset under FSP No. FASB 142-3. We adopted this pronouncement on January 1, 2009. The adoption of this pronouncement did not have a material impact to the Company's consolidated financial statements.

Liquidity and Capital Resources

Our principal sources of cash have been and we expect will continue to be cash from operations and borrowings under our senior credit facilities.

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Following this offering, we anticipate that our primary uses of cash will be to provide working capital, meet debt service requirements, finance capital expenditures, pay dividends under our dividend policy and support our growth, including through potential acquisitions, and for other general corporate purposes. For a description of the seasonality of our working capital rates see " Seasonality and Year-To-Year Variability." As discussed under "Use of Proceeds," we will use the proceeds from this offering together with an increase in our term loan facility to redeem our senior notes, including the accrued and unpaid interest thereon and the associated redemption premium 30 days following the consummation of this offering for a total of approximately $157.3 million.

Our Board of Directors will adopt a dividend policy, effective upon the consummation of this offering, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend. The declaration and payment of these dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition and earnings, legal requirements, taxes and other factors our Board of Directors may deem to be relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under certain circumstances. As a result of this dividend policy, we may not have significant cash available to meet any large unanticipated liquidity requirements. As a result, we may not retain a sufficient amount of cash to fund our operations or to finance unanticipated capital expenditures or growth opportunities, including acquisitions. Our Board of Directors may, however, amend, revoke or suspend our dividend policy at any time and for any reason. See "Dividend Policy and Restrictions."

As of December 31, 2009, we had $129.1 million of total liquidity, comprised of $69.1 million in cash and cash equivalents and the ability to borrow $60 million under our revolving credit facility. We expect that cash on hand, generated from operations, as well as available credit under our senior credit facilities will provide adequate funds for the purposes described above for at least the next 12 months.

Cash Flow Analysis

Set forth below is summary cash flow information for each of the years ended December 31, 2007, 2008 and 2009.

	Year Ended December 31,		
	2007	**2008**	**2009**
		(in thousands)	
Net cash flow provided by operating activities	$ 20,040	$ 23,411	$ 25,571
Net cash flow used in investing activities	(1,045)	(3,113)	(8,200)
Net cash flow provided by (used in) financing activities	4,083	(2,265)	(1,850)
Increase in cash	$ 23,078	$ 18,033	$ 15,521

Sources and Uses of Cash

During the three-year periods described above, net cash provided by operating activities was used for funding capital investment, building inventories, retiring preferred stock and paying related dividends, paying interest on both our senior notes and senior credit facilities, and funding working capital requirements during our pre-season shipping period.

Management believes that normal year-end inventories generally range from $25 million to $30 million. In the year ended December 31, 2007, however, our inventory balance was reduced to $17.1 million. That reduction resulted from our decision to reduce inventory levels due to below average snowfall and earnings.

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The following table shows our cash and cash equivalents and inventories at December 31, 2007, 2008 and 2009.

	December 31,
2007	