DOUGLAS DYNAMICS, INC
Form S-1/A
April 30, 2010

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As filed with the Securities and Exchange Commission on April 29, 2010

Registration Number 333-164590

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 6
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 **Ari B. Lanin** **Gibson, Dunn & Crutcher LLP** **333 South Grand Avenue** **Los Angeles, CA 90071**	**Gregg A. Noel** **Skadden, Arps, Slate, Meagher & Flom LLP** **300 South Grand Avenue** **Los Angeles, CA 90071** **(213) 687-5000**

(213) 229-7000

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

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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) 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 29, 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 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 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.

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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

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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

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 in equal quarterly installments 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:

- 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.

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

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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.

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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. Price competition among our distributors could negatively affect our market share.

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 or may result in increased competition among our distributors and affect our sales and profitability. In addition, price competition among the distributors that sell our products could lead to margin erosion among our distributors, which could in turn result in compressed margins or loss of market share for us. Management believes that after Douglas, the next largest competitors in

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the market for snow and ice control equipment for light trucks 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.

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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 voluntary 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.

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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 in equal quarterly installments 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

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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.

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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, 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 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 42% 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% 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.

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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

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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

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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;

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- 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

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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	2008	2009
	(in thousands)		
Cash and cash equivalents	$ 35,519	$ 53,552	$ 69,073
Inventory	17,086	28,802	26,697

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

We had cash and cash equivalents of $69.1 million at December 31, 2009 compared to cash and cash equivalents of $53.6 million at December 31, 2008. The table below sets forth a summary of the significant sources and uses of cash for the periods presented.

	Year ended December 31,			
Cash Flows (in thousands)	**2008**	**2009**	**Change**	**% Change**
Net cash provided by operating activities	$ 23,411	$ 25,571	$ 2,160	9.2%
Net cash used in investing activities	(3,113)	(8,200)	(5,087)	163.4
Net cash used in financing activities	(2,265)	(1,850)	415	18.3
Increase in cash	$ 18,033	$ 15,521	$ (2,512)	(13.9)%

Net cash provided by operating activities increased $2.2 million from the year ended December 31, 2008 to the year ended December 31, 2009. The increase in cash provided by operating activities was due to an aggregate $13.8 million change in inventory (from an $11.7 million increase in inventory for the year ended December 31, 2008 to support increased sales volume to a $2.1 million inventory reduction for the year ended December 31, 2009). This positive impact was partially offset by increased accounts receivable growth, reduced net income, a lower income tax receivable, and a reduction in accruals with respect to the Company's Annual Incentive Plan and non-executive employee profit sharing plan.

Net cash used in investing activities increased $5.1 million for the year ended December 31, 2009, compared to the corresponding period in 2008, mainly as a result of increases in capital investments of approximately $5 million in our manufacturing plants in Milwaukee, WI and Rockland, ME to support the closure of our Johnson City, TN manufacturing plant planned for mid-2010.

Net cash used in financing activities decreased $0.4 million for the year ended December 31, 2009 compared to the corresponding period in 2008, primarily as a result of a payment of deferred financing costs of $0.3 million for the year ended December 31, 2008 which did not occur in the corresponding period in 2009.

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

We had cash and cash equivalents of $53.6 million at December 31, 2008 compared to cash and cash equivalents of $35.5 million at December 31, 2007. The table below sets forth a summary of the significant sources and uses of cash for the periods presented.

	Year ended December 31,			
	2007	2008	Change	% Change
	(dollars in thousands)			
Net cash provided by operating activities	$ 20,040	$ 23,411	$ 3,371	16.8%
Net cash used in investing activities	(1,045)	(3,113)	(2,068)	(197.9)
Net cash provided by (used in) financing activities	4,083	(2,265)	(6,348)	(155.5)
Increase (decrease) in cash	$ 23,078	$ 18,033	$ (5,045)	(21.9)%

Net cash provided by operating activities increased $3.4 million from 2007 to 2008. The increase in cash provided by operating activities was due to higher net income of $12.5 million, a decrease in accounts receivable growth of $6.1 million due to the fact that accounts receivable balances at December 31, 2007 were particularly high as a result of the significant sales in December 2007, a reduction of $5.2 million in income tax receivable from December 31, 2007 to December 31, 2008, and a $1.9 million increase in accrued incentive plan expenses from December 31, 2007 to December 31, 2008. The increase was offset by a $21.9 million net increase in inventory build up from December 31, 2007 to December 31, 2008.

Net cash used in investing activities decreased $2.1 million in 2008 compared to 2007, as capital expenditures returned to historical levels in 2008 following a substantial reduction in 2007 spending to maximize cash flow in a year with lower sales.

Net cash provided by financing activities decreased $6.3 million in 2008 compared to 2007, due mainly to a non-recurring recapitalization of our debt structure in May 2007, which provided an additional $4.1 million of cash in 2007.

Future Obligations and Commitments

Contractual Obligations

We are subject to certain contractual obligations, including long-term debt and related interest. We have unrecognized tax benefits of $1.2 million as of December 31, 2009. However, we cannot make a reasonably reliable estimate of the period of potential cash settlement of the underlying liabilities, therefore, we have not included unrecognized tax benefits in calculating the obligations set forth in the following table of significant contractual obligations as of December 31, 2009.

(Dollars in thousands)	Total	2010	2011	2012	After 2012
Long-term debt					
Term loan	$ 82,663	$ 850	$ 81,813	$	$
Senior notes(1)	150,000			150,000	
Interest on long-term debt(2)	26,912	13,706	12,728	478	
Total contracted cash obligations(3)	$ 259,575	$ 14,556	$ 94,541	$ 150,478	$

(1) We will use the proceeds from this offering together with an increase in our term loan facility to redeem our senior notes 30 days following the consummation of this offering.

(2) Assumes all debt will remain outstanding until maturity. Interest payments were calculated using interest rates in effect as of December 31, 2009.

(3) Pension obligations are excluded from this table as we are unable to estimate the timing of payments related to these obligations. The minimum required contribution to our pension plans was $1.4 million in 2009 and is expected to be $0.9 million in 2010.

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Senior Credit Facilities

Our debt structure includes a first lien credit facility that consists of a $60 million asset based revolving credit facility and an $85 million term loan. As of December 31, 2009, we had $82.7 million of borrowings under our term loan and no borrowings under our revolving credit facility. In connection with this offering we intend to increase our term loan facility by $40 million.

After we redeem our senior notes, and unless terminated earlier, our term loan facility will mature in May 2013 with respect to the existing term loans and May 2016 with respect to the additional term loans, any existing term loans thereunder bear interest through maturity, at our option, at a base rate (which will be no less than 3%) plus 3.5% or a eurodollar rate (which will be no less than 2%) plus 4.5% and any additional term loans incurred in connection with this offering will bear interest through maturity, at our option, at a base rate (which will be no less than 3%) plus 4% or a eurodollar rate (which will be no less than 2%) plus 5%.

After we redeem our senior notes, and unless terminated earlier, our revolving credit facility will mature in May 2012 and borrowings thereunder bear interest, at our option, at a base rate or a eurodollar rate plus an applicable margin. The applicable margin for base rate loans is either 0.25% or 0.50% and the applicable margin for eurodollar rate loans is either 1.25% or 1.50%, in each case determined based on our leverage ratio from time to time. Our borrowing capacity under our revolving credit facility is, subject to certain reserves and limitations, limited to a borrowing base of 100% of cash on hand, 85% of eligible accounts receivable and the lesser of 70% of the cost of eligible inventory or 85% of the liquidation value of eligible inventory. Also, our revolving credit facility requires us to maintain at least $6 million of borrowing availability measured as (i) the lesser of aggregate lender commitments and the facility's borrowing base over (ii) outstanding loans and letters of credit. At December 31, 2009, we had no outstanding debt under our revolving credit agreement and, subject to certain availability requirements, had availability of $60 million.

Both our senior credit facilities include certain negative and operating covenants, including restrictions on our ability to pay dividends, and other customary covenants, representations and warranties and events of default. In addition, our revolving credit facility includes a requirement that, subject to certain exceptions, capital expenditures not exceed $10 million in any calendar year, and during the occurrence of a liquidity event, we must comply with a monthly minimum fixed charge coverage ratio test of 1.0 to 1.0. Compliance with the fixed charge coverage ratio test is subject to certain cure rights under our revolving credit facility. For a more complete description of our senior credit facilities, including the covenants described above, see "Description of Indebtedness Senior Credit Facilities" and for a description of certain risks related to our senior credit facilities see "Risk Factors Risks Related to Our Business and Industry." As of December 31, 2009, we were in compliance with the covenants under our senior credit facilities.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and working capital requirements will depend upon our ability to generate cash in the future. This is subject to the level, timing and location of snowfall, general economic, financial, industry and other conditions and factors that are beyond our control, as well as the factors described in the "Risk Factors."

7$^3/_4$% Senior Notes Due 2012

We currently have $150 million in aggregate principal amount of our senior notes outstanding, which bear interest at a rate of 7$^3/_4$% per annum and mature on January 15, 2012. We will use the proceeds from this offering together with our increased term loan facility to redeem our senior notes. Promptly following the consummation of this offering, we intend to deliver a notice of redemption in accordance with the terms of the indenture governing our senior notes and deposit with the trustee of our senior notes a total of approximately $157.3 million, comprised of the principal amount, together with the accrued and unpaid interest thereon and the associated redemption premium. Upon redemption of the senior notes, the indenture governing our senior notes will cease to be of any further force or effect. We anticipate that our senior notes will be redeemed 30 days following the consummation of this offering. We also intend to amend our existing credit facilities concurrent with the consummation of this offering to permit this redemption of our senior notes.

The redemption of our senior notes with the proceeds of this offering and our increased term loan facility will result in a net reduction of long term debt of approximately $110 million. Further, we estimate that our interest expense will be reduced by approximately $11.6 million per year, which amount will be offset in part by approximately $6 million per year of additional interest, subject to fluctuation of the underlying base rate or eurodollar rate, as applicable, due to the increased interest rate on our existing term loan facility, the $40 million increase in our term loan facility in connection with the redemption of our senior notes and amortization of deferred financing fees.

Deductibility of Intangible and Goodwill Expense

We possess a favorable tax structure with approximately $18 million of annual tax-deductible intangible and goodwill expense over the next ten years which may be utilized in the event we have sufficient taxable income to utilize such benefit.

Impact of Inflation

We do not believe that inflation risk is material to our business or our financial condition, results of operations or cash flows at this time. Historically, we have experienced normal raw material, labor and fringe benefit inflation. To date we have been able to fully offset this inflation by providing higher value products, which command higher prices. In both 2004 and 2008, we experienced a significant increase in steel costs but have been able to mitigate the effects of these increases through both temporary and permanent steel surcharges, where appropriate. See "Risk Factors 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."

Off-Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Seasonality and Year-To-Year Variability

Our business is seasonal and also varies from year-to-year. Consequently, our results of operations and financial condition vary from quarter-to-quarter and from year-to-year as well. In addition, because of this seasonality and variability, our results of operations for any quarter may not be indicative of results of operations that may be achieved for a subsequent quarter or the full year, and may not be similar to results of operations experienced in prior years.

Sales of our products are significantly impacted by the level, timing and location of snowfall, with sales in any given year and region most heavily influenced by snowfall levels in the prior snow season (which we consider to begin in October and end in March) in that region. This is due to the fact that end-user demand for our products is driven primarily by the condition of their snow and ice control equipment, and in the case of professional snowplowers, by their financial ability to purchase new or replacement snow and ice control equipment, both of which are significantly affected by snowfall levels. Heavy snowfall during a given winter causes usage of our products to increase, resulting in greater wear and tear to our products and a shortening of their life cycles, thereby creating a need for replacement snow and ice control equipment and related 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

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replacement snow and ice control equipment prior to the following winter. To a lesser extent, sales of our products are influenced by the timing of snowfall in a given winter. 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 during the current season rather that delaying purchases until after the season is over when most purchases are typically made by end-users.

The following chart illustrates the effects of snowfall levels in the snowbelt states in a given winter on the number of units of snow and ice control equipment we shipped in the following year. Snowfall levels represent the aggregate number of inches of snowfall recorded in each of 66 cities in 26 snowbelt states across the Northeast, East, Midwest and Western United States where we have historically monitored snowfall levels. We have historically monitored snowfall levels in these cities because they represent the key metropolitan areas in the states where snowfall is a regular occurrence and coincide with our historical U.S. market. With respect to the calculation of units shipped, each year in the following chart represents the calendar year period from January 1 to December 31. With respect to the calculation of snowfall, each year in the following chart represents the period beginning on October 1 of the prior year and extending through the following March 31. Thus, for example, the number of units shipped in 2001 represents the total units of snow and ice control equipment we shipped from January 1, 2001 to December 31, 2001, whereas the 2001 snowfall level reflects snowfall in the snowbelt states in the period from October 1, 2000 through March 31, 2001. As the chart indicates, heavy snowfall levels in a given winter tend to lead to increased unit shipments of our snow and ice control equipment in the following year, whereas low snowfall levels in a given winter tend to lead to decreased units shipped of our snow and ice control equipment in the following year. Over the past 10 years, our sales of snow and ice control equipment ranged from a low of 40,538 units to a high of 70,314 units, averaging 53,035 units per year (including units sold by Blizzard Corporation prior to its acquisition by us in November 2005).

Equipment Sales Versus Snowfall

Note:

This chart is not weighted or adjusted to account for new distributors or increased market size, but does include unit sales attributable to new distributors. Further, snowfall data in this chart is not adjusted for snowfall outside of the 66 cities in the 26 states reflected. Units of equipment sales for years 2002 through 2005 are adjusted to include units sold by Blizzard Corporation prior to its acquisition by us in November 2005. Data for Blizzard Corporation prior to 2002 is not available.

Source of snowfall data: National Oceanic and Atmospheric Administration's National Weather Service

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.

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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.

We attempt to manage the seasonal impact of snowfall on our revenues in part through our pre-season sales program, which involves actively soliciting and encouraging pre-season distributor orders in the second and third quarters by offering our distributors a combination of pricing, payment and freight incentives during this period. These pre-season sales incentives encourage our distributors to re-stock their inventory during the second and third quarters in anticipation of the peak fourth quarter retail sales period by offering favorable pre-season pricing and payment deferral until the fourth quarter. As a result, we tend to generate our greatest volume of sales (an average of over two-thirds over the last ten years) during the second and third quarters, providing us with manufacturing visibility for the remainder of the year. By contrast, our revenue and operating results tend to be lowest during the first quarter as management believes our end-users prefer to wait until the beginning of a snow season to purchase new equipment and as our distributors sell off inventory and wait for our pre-season sales incentive period to re-stock inventory. Fourth quarter sales vary from year-to-year as they are primarily driven by the level, timing and location of snowfall during the quarter. This is because most of our fourth quarter sales and shipments consist of re-orders by distributors seeking to restock inventory to meet immediate customer needs caused by snowfall during the winter months.

While our monthly working capital has averaged approximately $54 million from 2007 to 2009, because of the seasonality of our sales, we experience seasonality in our working capital needs as well. In the first quarter we require capital as we are generally required to build our inventory in anticipation of our second and third quarter sales seasons. During the second and third quarters, our working capital requirements rise as our accounts receivables increase as a result of the sale and shipment of products ordered through our pre-season sales program and we continue to build inventory. Working capital requirements peak towards the end of the third quarter (reaching an average peak of $83 million over the prior three years) and then begin to decline through the fourth quarter through a reduction in accounts receivables (as it is in the fourth quarter that we receive a majority of the payments for previously shipped products).

We also attempt to manage the impact of seasonality and year-to-year variability on our business costs through the effective management of our assets. See "Business Our Business Strategy Aggressive Asset Management and Profit Focus." Our asset management and profit focus strategies include:

- the employment of a highly variable cost structure facilitated by a core group of workers that we supplement with a temporary workforce as sales volumes dictate, which allows us to adjust costs on an as-needed basis in response to changing demand;

- our enterprise-wide lean concept, which allows us to adjust production levels up or down to meet demand;
- the pre-season order program described above, which incentivizes distributors to place orders prior to the retail selling season; and
- a vertically integrated business model.

These asset management and profit focus strategies, among other management tools, allow us to adjust fixed overhead and sales, general and administrative expenditures to account for the year-to-year variability of our sales volumes. Management currently estimates that annual fixed overhead expenses generally range from approximately $14 million in low sales volume years to approximately $16 million in high sales volume years. Further, management currently estimates that annual sales, general and administrative expenses other than amortization generally approximate $20 million, but can be reduced to approximately $17 million to maximize cash flow in low sales volume years, and can increase to approximately $24 million to maintain customer service and responsiveness in high sales volume years.

Additionally, although modest, our annual capital expenditure requirements, which are normally budgeted at $3.5 million, can be temporarily reduced by up to approximately 40% in response to actual or anticipated decreases in sales volumes. If we are unsuccessful in our asset management initiatives, the seasonality and year-to-year variability effects on our business may be compounded and in turn our results of operations and financial condition may suffer.

Quantitative and Qualitative Disclosures About Market Risk

We do not use financial instruments for speculative trading purposes, and do not hold any derivative financial instruments that could expose us to significant market risk. Our primary market risk exposures are changes in interest rates and steel price fluctuations.

Interest Rate Risk

We are exposed to market risk primarily from changes in interest rates. 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 based on our average daily availability under our revolving credit facility. When the average daily excess availability on our revolving credit facility falls below $25 million, our interest rate on the revolving credit facility will increase by 0.25%. The maximum impact this would have on our interest expense would be $150,000 per year. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows would correspondingly decrease.

As of December 31, 2009, we had outstanding borrowings under our term loan of $82.7 million. A hypothetical interest rate change of 1%, 1.5% and 2% on our term loan would have changed interest incurred for 2009 by $0.83 million, $1.24 million and $1.65 million, respectively. We had no outstanding borrowings under our revolving credit facility as of December 31, 2009.

Commodity Price Risk

In the normal course of business, we are exposed to market risk related to our purchase of steel, the primary commodity upon which our manufacturing depends. Our steel purchases as a percentage of revenue were 12%, 15% and 18% for the years ended December 31, 2007, 2008 and 2009, respectively. While steel is typically available from numerous suppliers, the price of steel is a commodity subject to fluctuations that apply across broad spectrums of the steel market. We do not use any derivative or hedging instruments to manage the price risk. If the price of steel increases, our variable costs could also increase. While historically we have successfully mitigated these increased costs through the implementation of either permanent price increases and/or temporary invoice surcharges, in the future we may not be able to successfully mitigate these costs, which could cause our gross margins to decline. If our costs for steel were to increase by $1.00 in a period where we are not able to pass any of this increase onto our distributors, our gross margins would decline by $1.00 in that period.

BUSINESS

General

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 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 with over 60 models of snowplows and over 40 models of sand and salt spreaders across our three brands. Our snowplows use custom-designed mounts which allow each of our snowplow models to be used on a variety of light truck brands and models. In addition, we manufacture a broad portfolio of hopper and tailgate-mounted sand and salt spreaders that are used for snow and ice control on driveways, roads and parking lots. 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.

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. Because of the short snow season (which we consider to run from October 1 through March 31), unpredictability of snowfall events and the difficult weather conditions under which our end-users operate, our end-users have a fairly limited time frame in which to generate income. Accordingly, our end-users demand a high degree of quality, reliability and service. 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. 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). We have longstanding relationships with many of our distributors, with an average tenure of approximately 15 years. 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 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% per annum, compounded annually, from 2000 to 2009 while our revenue per unit has increased approximately 5% per year from 2002 and 2009. From 2004 through 2009, our factory-wide productivity improved by approximately 35% as a result of our lean initiatives. Our lean initiatives have also reduced internal scrap rates by 19% from 2005 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 realized $0.2 million of cost savings in 2009 related to the closing of this facility and we currently expect that the closing will yield estimated annual cost savings of approximately $1.5 million in 2010, ramping up to approximately $4 million in 2011 (comprised of $3 million from the elimination of fixed costs such as salaries and benefits, facility costs, supplies and travel and $1 million of freight savings due to the elimination of intercompany shipments),

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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 ability to deliver products on a rapid and efficient basis through lean manufacturing allows us to both better serve our existing customer base and capture new customers from competitors who we believe cannot service their customers' needs with the same speed and reliability.

History

The FISHER® and WESTERN® brands date back to the late 1940s and early 1950s, respectively. Fisher Engineering was founded by Dean Fisher in 1948 and was a leading light truck snow and ice control equipment company in the East and Northeast regions of the United States. Western Products was founded in the early 1950s by Douglas Seaman and focused on the West, Midwest and East regions of the United States. Our predecessor company, Douglas Dynamics Incorporated, which we refer to in this prospectus as DDI, was founded by Western's Douglas Seaman in 1977 and acquired Fisher Engineering in 1984.

In July 1991, DDI was acquired by Armco Inc., which merged with AK Steel Corporation in September 1999. In March 2004, Aurora Capital Group acquired our current business from AK Steel Corporation. In April 2004, Aurora Capital Group sold a proportionate number of shares of our common and preferred stock to an affiliate of Ares Management at the same per share price paid by Aurora Capital Group in the acquisition from AK Steel Corporation. In June 2004, Douglas Holdings and Aurora Capital Group sold additional of shares of our common and preferred stock to certain co-investors at the same per share price paid by Aurora Capital Group in the Acquisition from AK Steel Corporation.

In November 2005, we acquired Blizzard Corporation, which expanded the breadth of our distributor network and our product line. Through the acquisition of Blizzard Corporation, we acquired the highly-patented, groundbreaking BLIZZARD® technology that represents one of the most significant innovations in our industry. More specifically, we acquired industry-leading hinged plow technology, which has significant advantages over competing products because it utilizes expandable wings for more effective snow removal.

Principal Stockholders

The Aurora Entities are affiliates of Aurora Capital Group and control the vote with respect to approximately 67.0% of our common stock, prior to giving effect to this offering. Ares Corporate Opportunities Fund, L.P. is an affiliate of Ares Management LLC, which we refer to as Ares Management, and controls the vote with respect to approximately 33.0% of our common stock, prior to giving effect to this offering. After giving effect to this offering, the Aurora Entities and Ares will control the vote with respect to approximately 32.65% and 16.15% of our common stock, respectively.

Aurora Capital Group is a Los Angeles-based private equity firm managing over $2.0 billion that utilizes two distinct investment strategies. Aurora Equity focuses principally on control-investments in middle-market industrial, manufacturing and selected service oriented businesses, each with a leading position in sustainable niches, a strong cash flow profile, and actionable opportunities for both operational and strategic enhancement. Aurora Resurgence invests in debt and equity securities of middle-market companies and targets complex situations that are created by operational or financial challenges either within a company or a broader industry.

Ares Management is a global alternative asset manager and SEC-registered investment adviser with total committed capital under management of approximately $37 billion as of March 31, 2010. With complementary pools of capital in private equity, private debt and capital markets, Ares Management has the ability to invest across all levels of a company's capital structure from senior debt to common equity in a variety of industries in a growing number of international markets. The

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Ares Private Equity Group manages over $6 billion of committed capital and has a track record of partnering with high quality, middle-market companies and creating value with its flexible capital. The firm is headquartered in Los Angeles with over 250 employees and professionals located across the United States and Europe.

Industry Overview

The light truck snow and ice control equipment industry in North America consists predominantly of domestic participants that manufacture their products in North America. Snowplow sales account for a significant portion of snow and ice control equipment sales for light trucks, with sand and salt spreader sales accounting for a lesser portion. 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. 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 otherwise might 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.

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.

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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 to extend the useful life of equipment, thereby increasing the sales of parts and accessories. Weak economic conditions may also cause our end-users to shift their purchases from our more profitable products to our less profitable products, or to less expensive competitor products. 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 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 is 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. More typically, management believes sales of parts and accessories range from $14 million to $24 million. Parts and accessories margins have averaged approximately 50% over the past five years.

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.

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 product, has contributed to an approximate 2% to 4% price increase in each of the past five years.

Competitive Strengths

We are the North American market leader in snow and ice control equipment for light trucks with what we believe to be an industry leading installed base of over 500,000 snowplows and sand and salt spreaders in service. 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, we enjoy a set of competitive advantages versus smaller 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.

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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. We have developed this exceptional loyalty through over 50 years of superior innovation, productivity, reliability and support, consistently delivered season after season. We believe many of our end-users are second and third generation owners of our snow and ice control equipment. We believe past brand experience, rather than price, is the key factor impacting snowplow purchasing decisions. Because a professional snowplower can typically recoup the cost of a plow within a very short period of time, and in some cases, as a result of one major snowfall event, we believe quality, reliability and functionality are more important factors in our end-users' purchasing decisions and further believe that professional snowplowers are often willing to pay a premium price for reputable products that include these premium features. For example, we believe only a small fraction of commercial end-users consider price as the primary factor in their purchase decision.

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. We believe we have introduced or redesigned more efficient and productive products over the last five years (including the redesigned Fisher and Western V Plows in 2006 and the Fisher and Western Power Plows in 2007) than any of our competitors, driving increased value for our customers. Our products are covered by over 40 issued or pending U.S. and Canadian patents related to snow and ice control equipment technologies and other important product features and designs.

Extensive North American Distributor Network. We benefit from having the most extensive North American direct distributor network in the industry, providing a significant competitive advantage over our peers. We have over 720 direct distributor relationships which provide us with the ability to reach end-users throughout North America to achieve geographic diversification of sales that helps insulate us from annual variations in regional snowfall levels. Our distributors function not only as sales and support agents (providing access to parts and service), but also as industry partners providing real-time 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. We believe a majority of our distributors choose to sell our products exclusively, even though few are contractually required to do so. Despite the importance of our distributor network as a whole, no one distributor represents more than 5% of our net sales.

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. Due in substantial part to our operational efficiency, we have increased our variable gross profit per unit by approximately 4% per annum from 2002 through 2005, the year we acquired Blizzard, and by approximately 6% per annum from 2006 through 2009. The upcoming closure of our Johnson City, Tennessee manufacturing facility, which we believe will save us approximately $4 million annually without a loss of production capacity, demonstrates the success of our lean initiatives. 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.

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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. See "Prospectus Summary Summary Historical Consolidated Financial and Operating Data" for a discussion of why management uses Adjusted EBITDA Margins and a reconciliation of net income to Adjusted EBITDA. We have historically been able to pass through increases in operational costs and raw material prices, including steel surcharges when necessary, to maintain our profitability. 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.

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 plays an essential role in 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. Our product development teams are guided by extensive market research, as well as real time feedback from our distributors who provide valuable insight into changing customer preferences, desired functionality or product features. In addition, we have incorporated and will continue to incorporate 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. We will continually seek opportunities to optimize our portfolio of over 720 direct distributors by opportunistically 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. Prospective distributors are rigorously screened before they are allowed to sell our snow and ice control products, allowing us to maintain relationships with only those distributors we believe to be the most reputable in the industry. Once selected, we strive to maintain close working relationships with our distributors and actively monitor their performance, quality of service and support and credit profiles. We also focus on further 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. Over the last ten years, we have grown our network by over 250 distributors. 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 facilitated by a core group of workers that we supplement with a temporary workforce as volumes dictate, 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. Our profit focus is driven primarily by improving unit margins.

Flexible, Lean Enterprise Platform. We intend to utilize lean principles to maximize the flexibility and efficiency of our manufacturing operations while reducing the associated costs. Implementation of these principles has allowed us to substantially improve the productivity of our manufacturing processes through waste elimination and improved space utilization, creating a flexible environment capable of efficiently responding to large variations in end-user demand and delivering best-in-class customer service and responsiveness, thereby enabling us to increase distributor and end-user satisfaction. Moreover, 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. Since 2006, we have reduced our supply base by 36% from over 450 suppliers to approximately 288 today, with a target of 225 by the end of 2010. This rationalization has allowed us to strengthen our relationships with our remaining suppliers, which in turn has provided us with the ability to receive component deliveries on a more frequent basis, thereby better aligning our supply stock with our production demands.

We have also sought to improve our sourcing capabilities through the use of off-shore suppliers, including suppliers in China, which provide significant cost advantages. As of December 31, 2009, we had the ability to purchase components from 19 suppliers in China. Since 2006, our percentage of lower cost country material purchases has increased from 10.0% to 15.6% of our total purchases. In furtherance of this process, in January 2009, we opened a sourcing office in China, which will become a central focus for specific component purchases and will provide a majority of our procurement cost savings in the future. In 2009, our off-shore sourcing initiatives resulted in cost savings of $521,000, or

$1.1 million on an annualized basis. We expect that these sourcing changes will continue to provide us with cost savings in 2010. We typically stock additional inventory from off-shore suppliers or partner with off-shore suppliers who stock inventory in the United States in order to mitigate the risk of any shipping delays. See "Risk Factors 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."

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. In November 2005, we purchased Blizzard Corporation and its highly-patented groundbreaking hinged plow technology and have also incorporated this technology into our Western and Fisher snowplows. 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.

Products

We categorize our products into two product classes: (1) snow and ice control equipment for use on light trucks, and (2) related parts and accessories. We offer our products under three brands: WESTERN®, FISHER® AND BLIZZARD®. During the year ended December 31, 2009, WESTERN®, FISHER® AND BLIZZARD® products accounted for approximately 47%, 45% and 8% of our net sales, respectively. We continually strive to be the leading innovator in our industry and each year we typically introduce several new and updated products. In 2007, 2008 and 2009, sales of snow and ice control equipment accounted for approximately 87%, 84% and 85%, respectively, of our net sales, with related parts and accessories accounting for approximately 13%, 16% and 15% of our net sales, respectively.

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The following chart depicts annual unit sales of our snow and ice control equipment since 1980 and an eight-year rolling average since 1982:

Equipment Sales (units)

Note:

The 8-year rolling average equipment sales are not presented prior to 1982 for purposes of the calculation chart due to lack of equipment unit sales data prior to 1975. In addition, units of equipment sales for years 2002 through 2005 are adjusted to include units sold by Blizzard Corporation prior to its acquisition by us in November 2005. Data for Blizzard Corporation prior to 2002 is not available.

Snow and Ice Control Equipment

Our snow and ice control equipment products consist of snowplows and sand and salt spreaders for light trucks. We offer a broad variety of snowplows, with a full range of models designed for use by professionals, businesses, municipalities and homeowners on light trucks. The current retail prices of our snowplows generally range from approximately $4,000 to $8,000. Snowplows are highly engineered products comprised of mechanical, hydraulic and electrical components that must be effectively integrated with vehicles to function properly and conform to government passenger vehicle regulations. Each snowplow consists of four components, which are the blade, the hydraulic system, the mount, and the A-Frame, Quadrant and Lift, which we refer to in this prospectus as the AQ&L. Typically each truck model or family of truck models requires a mount designed for that model or family of models. However, in most cases generally, various hydraulic systems, blade and AQ&L can be mixed and matched for mounts designed for a particular truck model, which allows distributors more flexibility when ordering products from us. We believe actively-used snowplows are typically replaced, on average, every 7 to 8 years.

The WESTERN®, FISHER® and BLIZZARD® brands differ in the way their snowplows react when hitting significant obstacles while plowing. When an object is struck with a WESTERN® or BLIZZARD® snowplow, the entire snowplow blade trips forward, whereas with a FISHER® snowplow, in response to similar circumstances, only the edge of the snowplow blade trips. Because we believe that both responses are equally effective in protecting the snowplow and the vehicle, we maintain this difference across our WESTERN®, FISHER® and BLIZZARD® snowplows to cater to what are, in management's experience, deep-rooted regional end-user preferences.

We also offer a broad variety of sand and salt spreaders, with a full range of models designed for professionals, businesses, municipalities and homeowners. Our spreaders are interchangeable among different truck models and are typically mounted in the bed or on the vehicle hitch of a light truck and are intended to control ice on driveways, roads and parking lots by spreading material such as sand, salt and calcium chloride. The revenue and gross profit derived from our sales of sand and salt spreaders constitute less than 10% of our total revenue and gross profit. The current retail prices of our sand and salt spreaders generally range from approximately $1,600 to $11,500. Notwithstanding the minor distinctions noted above, we believe nearly all of the products sold under the WESTERN® and

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FISHER® brands are identical or practically identical to one another (with the only differences generally being cosmetic). Further, the Company's BLIZZARD® product line currently consists of a subset of the products sold under the WESTERN® and FISHER® names, with relatively minor cosmetic differences.

Parts and Accessories

We also offer a broad range of parts and accessories (comprised of over 7,500 SKUs) for our snowplows and sand and salt spreaders, including snowplow deflectors, conversion kits and maintenance kits. Parts and accessories sales are driven mainly by our installed base which we believe to be over 500,000 snowplows and sand and salt spreaders in service. We continue to provide mounts for older light truck models and parts and accessories for older equipment models on an as-needed basis.

Product Development

We believe our market leadership position permits us the flexibility to devote more resources to research and development than any of our competitors. Our product development infrastructure is staffed with engineers and other personnel dedicated to generating new products and future enhancements. Research and development is a major focus of our management, and expenditures over the past 5 years on new product development have annually averaged approximately 1% to 2% of our net sales, and in 2009, approximately $73 million or 50% of our equipment sales came from products introduced or redesigned over the last five years. New product development projects are typically the result of end-user feedback, plow productivity improvements, quality and reliability improvements and vehicle application expansion.

We have successfully implemented a lean product development process to streamline the manufacture of new products, pairing members from financial, engineering, marketing and sales into a single project team to ensure that prototypes developed are of the highest quality and are manufactured in the most cost efficient manner. This process is characterized by the following six stages: (1) idea development, (2) product specification development and feasibility study, (3) prototype development, (4) prototype testing and financial modeling, (5) product production and (6) product and process refinement. We believe our success in refining this multistage process has streamlined the delivery of new products to the marketplace, and enables us to stay ahead of our competitors in delivering innovations to the market. For example, we have integrated fully digital product simulation into our development process, which enables us to (1) accelerate the development cycle, (2) optimize product design and (3) maximize component commonality across products. Through our use of digital simulation we have reduced our test cycle time from years to days.

At any given time, we may be actively pursuing between two and four new product development projects. Prototypes resulting from these projects are regularly subjected to head-to-head field tests versus the nearest competing product placed in the field. In addition to field testing, we utilize digital simulation to ensure that all prototypes undergo rigorous computer-aided simulations that attempt to ensure superior product performance and overall product quality.

Recent product introductions in 2009 include the FISHER® HT Series (half-ton plow) and POLY-CASTER (Hopper Spreader), the WESTERN® HTS (half-ton plow) and Tornado (Hopper Spreader) and the BLIZZARD® POWER HITCH 2 (detachable plow mounting system) and ICE CHASER (Hopper Spreader).

In addition, adjusting our product designs to light truck design changes is a significant activity of our product development teams. In general, major light truck design changes, such as new truck introductions, are announced well in advance of the new light truck design being available to the market. This allows us sufficient time to design or redesign our products so that they are compatible with the new light truck design at the time of its release or shortly thereafter. In such situations, we are often able to utilize a current mount design which minimizes the design work required on our part. However, there are significant truck design changes that require us to redesign our mounts so that our products are compatible with new light truck designs.

End-Users

Our end-users include professional snowplowers (who we believe comprise over 50% of our end-user base), businesses, municipalities and homeowners. Different segments of our end-user base use our products differently. For instance, professional snowplowers use our snow and ice control equipment during the winter to earn an income, clearing parking lots, driveways and private roads. As a result, they place a high priority on productivity, reliability and service. We believe their heavy and prolonged usage of our equipment typically requires these end-users to replace their equipment every 5 to 7 years. Businesses generally use our equipment to clear parking lots, and thus their usage of our equipment is more limited, in turn resulting in what we believe to be a typical replacement cycle of 8 to 10 years. Our municipality users include cities and counties that plow government owned property. Because of the heavy usage of our equipment by municipalities, we believe the typical replacement cycle for those users is 5 to 7 years. Homeowners use our equipment to clear their driveways and other personal property. Because their usage is also limited, we believe the typical replacement cycle for such users is 10 to 15 years.

Distributor Network

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 certain regions of Canada). We have longstanding relationships with many of our distributors, with an average tenure of approximately 15 years. While we have exclusivity arrangements with less than 1% of our distributors, we believe that a majority of our distributors choose to exclusively carry our products because of our commitment to delivering quality, innovation, reliability and support.

Since our distributors serve as our primary sales and service contacts with our-end users, we rely on our distributors to represent and preserve our brand image. Thus, we seek to foster relationships with distributors who share our commitment to quality, reliability and support. To that end, we rigorously screen prospective distributors before allowing them to sell our products, and actively monitor the performance, quality of service, support and credit profiles of our existing distributors. In addition, we also rely on our distributors to as a source of real-time end-user information, providing valuable insight into the product preferences, experiences and demands of our end-users. We utilize this information to help us plan our manufacturing schedule as well as to formulate ideas for improving our existing product offerings and developing new products.

A breakdown of our distributor base is reflected in the table below. For 2009, our top 10 distributors accounted for approximately 20% of net sales and no single distributor accounted for more than 5% of our net sales. In 2007, 2008 and 2009, 90.8%, 89.1% and 89.5% of net sales, respectively, were from the U.S., and 8.7%, 10.1% and 10.3% of net sales, respectively, were from Canada, and less than 1% of net sales were from outside of North America. Further, in 2009, 27%, 27% and 30% of our net sales were derived from sales to distributors in the Northeast, Eastern and Midwest portions of the United States, respectively, and 16% of our net sales were derived collectively from the Western United States, Alaska, Canada and other international sales.

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Distributors by Region

Note:

Distribution not represented on map includes China (1), Finland (2), South Korea (1), Scotland (1), Northern Ireland (1), and Australia (1).

Sales Programs and Financing Program

We offer a number of sales programs to our distributors to finance the purchase of our products. One such program is our pre-season sales program, which not only benefits our distributors, but also benefits us by helping us to manage the seasonality of our business. During the second and third quarters, we offer our distributors the option of either (1) a purchase price discount, with the percentage discount being highest the earlier in the season that the distributor purchases and pays for our products, or (2) deferring payment until the fourth quarter. Under either option product shipment and acceptance occurs during the pre-season sales period. Customers do not have a right to return. On average, approximately 60% to 65% of our annual shipments occur during the pre-season sales period. Distributors who purchase our products during the first or fourth quarter, on the other hand, must deliver payment to us within 30 days of shipment. Our backlog as of January 25, 2009 and 2010 was $1.6 million and $1.6 million, respectively. We expect that all backlog as of January 25, 2010 will be shipped in 2010.

We are also party to a finance program in which certain distributors may elect to finance their purchases from us through a third party financing company. Pursuant to the terms of this financing program, we provide the third party financing company recourse against us regarding the collectability of the receivables to induce the third party financing company to provide such financing to our distributors. Distributors who purchase our products through this financing arrangement are offered the same pre-season sales incentives as distributors who purchase directly from us, the terms of which are described above. In each of the years ended December 31, 2007, 2008 and 2009, approximately 2% of our net sales were financed by our distributors through a third party financing company. If the third party financing company is unable to collect from the distributor the amounts due in respect of the product financing, we are obligated to repurchase any repossessed inventory plus any legal fees incurred by the financing company. Historically, repurchases of inventory and uncollectible amounts related to sales financed under this program have been immaterial.

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We also recently launched an end-user financing program. We have partnered with a third party financing company which has agreed to extend credit to our-end users for purchases of our products, subject to credit approval. Once approval is obtained, our end-users can then place an order directly for our products with our distributors. The third party financing company bears the residual risk for the debt if end-users are unable to fulfill their credit obligations. This program is designed to provide our end-users with a more accessible avenue for obtaining credit during this economic downturn. As this program commenced in November 2009 following the conclusion of our peak sales seasons, we have not yet determined its impact on our sales.

Sales and Marketing

We have dedicated field sales staffs for each of our three brands. These brands are WESTERN®, FISHER® and BLIZZARD®. As we do not sell directly to end-users, locating and developing the best distributors in each key geographic trade area is the primary focus of our sales force. Sales personnel actively assist their distributors in key business areas such as promotional activities, sales tactics, and customer care and product knowledge. In addition, we also sponsor continued education of our distributor network through regional technical service schools and seminars. Our sales staff is compensated in the form of a base salary and a performance-based bonus.

Our marketing group focuses on assuring superior WESTERN®, FISHER® and BLIZZARD® brand management. The marketing group's main activities include primary and secondary market research, driving our multifunctional product development process, ensuring successful new product launches and devising complementary promotional strategies.

Manufacturing/Facilities

Our manufacturing processes include machining, fabricating, welding and coating with all facilities having extensive assembly and test capabilities. Through asset management initiatives such as lean manufacturing, we seek to continuously improve processes, quality and costs of operations. 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, to help manage the seasonality of our business, we strive to normalize our production volume on a fairly constant basis throughout the year and supply most of our products from inventory. Through our asset management techniques, which include a highly variable cost structure that utilizes a temporary workforce, we are able to efficiently ramp up or down production in response to changing demand. Our three manufacturing facilities are described below as well as further details regarding the closure of our Johnson City, Tennessee facility.

Milwaukee, Wisconsin Facility: Our Milwaukee facility produces all of our hydraulic system kits for our snowplows, most of the WESTERN® straight blades and various WESTERN® mount and AQ&L attachments. Originally built in 1965, with additions in 1975, 1996 and 2002, the facility has 130,000 square feet of manufacturing and 17,000 square feet of office space.

Rockland, Maine Facility: Built in 2000, our Rockland facility produces all of the straight blades for FISHER®, the heavyweight blades for WESTERN®, the V-Plows for WESTERN® and FISHER® and mount and AQ&L attachments. This facility has 126,000 square feet of manufacturing and 17,000 square feet of office space.

Johnson City, Tennessee Facility: The Johnson City facility, which we plan to close in mid-2010, is currently our largest facility and produces all of our BLIZZARD® snowplows, sand and salt spreaders, a number of mount and AQ&L attachments and selected accessories. The facility was originally built in

1974 and was expanded in 1992 to its current size of 170,000 square feet of manufacturing and 30,000 square feet of office space. As noted above, we have increased our manufacturing efficiency to the point that we will be closing our Johnson City, Tennessee manufacturing facility in mid-2010, reducing our manufacturing facilities from three to two. We plan to relocate production that is currently housed in our Johnson City facility to our Milwaukee and Rockland facilities and expect that the closure of this facility will yield estimated cost savings of approximately $4 million annually. The closure of this facility will result in a net reduction of 110,000 square feet of space, with no anticipated reduction in production capacity. We estimate that capital spending related to the closing of this facility will total approximately $1.4 million in 2010 and 2011. Management expects our depreciation expenses after the closure of the Johnson City facility to be approximately $4 million annually, a reduction from 2009, when our depreciation expenses were $5.8 million. See "Risk Factors The closure of our Johnson City, Tennessee manufacturing facility may entail risks to our business."

We continually review our operations and invest as needed to upgrade or buy new equipment, refurbish facilities and improve product tooling to meet environmental and regulatory needs and to install modern information systems. From 1992 to 2009, we invested approximately $61 million to support our manufacturing strategy and to maintain our competitive strength in the product manufacturing process. Other than regular capital expenditures for maintenance, we do not anticipate a need for significant facility upgrades in the near term.

Materials

The principal materials used in our snow and ice control equipment business are steel, metal parts, electrical components, hydraulic systems, and hardware components, comprising over 75% of total component purchases. We typically attempt to obtain these materials from more than one third-party supplier. While we have longstanding relationships with many of our suppliers, most of our key supply arrangements are not covered by written contract. During 2009, our top ten suppliers accounted for approximately 48.5% of our raw material and component purchasing. Since 2006, we have aggressively endeavored to rationalize our supply base as well as increase material and component sourcing to lower cost country suppliers. Since that time we have reduced the number of our suppliers by 36% as well as increased our percentage of lower cost country material purchases from 10.0% to 15.6% of our total purchases. Our goal is to increase this percentage to 20.0% in 2010. In furtherance of this process, in January 2009, we opened a sourcing office in China, which will to become a central focus for specific component purchases and provide a majority of our procurement cost savings in the future. In addition, we remain committed to further improving our sourcing in the future by reducing the number of suppliers and increasing off-shore sourcing, including our sourcing activities from China. See "Risk Factors 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."

Seasonality and Year-To-Year Variability

Our business is seasonal and varies from year-to-year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Seasonality and Year-To-Year Variability."

Employees

As of December 31, 2009, we had 562 employees, comprised of 173 office and 389 factory employees. Of the 389 factory employees, 56 were temporary employees (as compared to 23 temporary employees as of December 31, 2008), the retention of which allows us to flex factory headcount to match the seasonal fluctuations inherent in the industry. The number of temporary employees we utilize in a given year and within a year varies based upon business conditions and snowfall levels. In 2009, our temporary employee headcount ranged from a low of 10 temporary employees to a high of 66 temporary employees.

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Our workforce is entirely non-union, and we believe we maintain good relationships with our employees. As a result of the closure of our Johnson City, Tennessee facility, we anticipate a reduction in total headcount of approximately 100 employees and an offsetting increase in headcount of 85 employees at our Milwaukee and Rockland facilities.

Safety Record and Training Programs

We are committed to the highest levels of safety for our employees and we have numerous health and safety programs in place at our facilities to achieve this overriding objective including holding regular departmental meetings on safety and employing a defined system of monitoring and remedying safety infractions. Our management believes that our safety record not only results in improved employee morale and lower lost time and workers' compensation costs, but is also essential to maintaining our manufacturing quality and efficiency. Since 2000, we have maintained what we believe to be a good record of employee safety, as our incidence rates of recordable cases of work-related non- fatal occupational injuries and illnesses are consistently below the industry average as reported by the Occupational Safety and Health Administration.

Competition

We primarily compete against domestic regional manufacturers of snow and ice control equipment for light trucks, including primarily Meyer Products and Northern Star Industries (the manufacturer of THE BOSS brand of snow and ice control equipment), which are the next largest competitors in the market for snow and ice control equipment for light trucks, as well as Sno-Way, Curtis, Buyers and Hiniker, each of which we believe manufactures its products domestically. We compete against these companies to provide what we believe is the broadest, highest quality, most reliable product offering at competitive prices. We compete solely with other North American manufacturers who do not benefit from our distributor network, manufacturing efficiencies and depth and breadth of products. See "Risk Factors Risks Related to Our Business and Industry 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."

Intellectual Property

We rely on a combination of patents, trade secrets and trademarks to protect certain proprietary aspects of our business and technology.

We work aggressively to expand the proprietary position afforded by our patent portfolio, both through acquisitions and original patent filings. We own approximately 28 issued U.S. patents and have approximately 16 U.S. patent applications pending. We also own approximately 15 issued Canadian patents. Our patents relate to snowplow mounts, assemblies, hydraulics, electronics and lighting systems as well as salt and sand spreader assemblies and our patent applications relate to each of the foregoing except for hydraulics and sand and salt spreader assemblies. When granted, each patent has a 17 year duration. The duration of the patents we currently possess range between one year and 15 years of remaining life. Our patent applications date back as far as 2001 and as most recent as 2009.

Our patent portfolio includes the industry leading hinged plow technology for the high growth Power Plow product. The Power Plow has significant advantages over competing products because it utilizes expandable wings and is in turn the most productive plow in the industry in terms of the amount of snow that it moves in any point in time. From 2006 to 2009, our Power Plow sales grew by 49%, positioning us to become the overall leader in hinged plows. Moreover, WESTERN® and FISHER® Power Plows have become the most profitable plows in our product portfolio. We believe the continued penetration of Power Plows with our installed base will be an important driver of profitable growth as customers continue to replace their existing equipment with higher margin product. We plan to continue building our patent portfolio as we improve existing products and develop new ones.

In addition to protecting our technological innovations through patents, we rely on a combination of registered and unregistered trademark rights to protect our position as a branded company with strong name recognition. We own approximately 20 registered U.S. trademarks and 5 registered Canadian trademarks. We use the registered trademarks WESTERN®, FISHER® and BLIZZARD® in association with their respective product lines and related accessories. We believe that our trademarks are of great value and that the loss of any one or all of our trademark rights could lower sales and increase our costs.

Warranty

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 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 maintain a warranty reserve determined by the amount of our estimated warranty costs based on our prior five years of warranty history utilizing a formula driven by historical warranty expense and applying our 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. The Company accrues for estimated warranty costs as sales are recognized and periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary.

Insurance

Our business has operating risks normally associated with manufacturing concerns experienced by companies that make accessories for passenger vehicles. We maintain a range of insurance policies to cover our assets and employees. We are insured against, among other events, product liability claims, certain environmental contaminations, workers compensation and bodily injury claims, fires and water damage. We believe that the types and amounts of insurance we carry are in accordance with general practices in the snow and ice control equipment industry for light trucks. For some operating risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. If a significant operating accident or other event occurs and is not fully covered by insurance, it could adversely affect us.

Legal Proceedings

In the ordinary course of business, we are engaged in various litigation primarily including product liability and intellectual property disputes. However, management does not believe that any current litigation is material to our operations or financial position. In addition, we are not currently party to any environmental-related claims or legal matters.

Regulation

Our operations are directly and indirectly subject to extensive federal, state and local environmental and safety 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 and employee health and safety. In particular, we and our distributors are subject to the requirements of the National Traffic and Motor Vehicle Safety Act of 1966, which prohibits the manufacture or sale in the United States of any new motor vehicle accessory that does not conform to applicable motor vehicle safety standards established by the National Highway

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Traffic Safety Administration. Violations of these laws and regulations could result in an assessment of significant costs to us, including civil or criminal penalties, claims by third parties for personal injury or property damage, requirements to investigate and remediate contamination and the imposition of natural resource damages. Furthermore, under certain environmental laws, current and former owners and operators of contaminated property or parties who sent waste to the contaminated site can be held liable for cleanup, regardless of fault or the lawfulness of the original disposal activity. Among the hazardous materials that we use in our business (and that were previously used on our properties) are hydraulic oil, powder coating material, waste water treatment material including sodium hydroxide, sulfuric acid, hydrofluoric acid, phosphoric acid, P-819E flocculent, and P-891L coagulant, cylinders of oxygen, small propane tanks and acetylene. We believe we are in compliance with applicable rules and regulations in all material respects.

MANAGEMENT AND BOARD OF DIRECTORS

Directors And Executive Officers

The following table sets forth certain information with respect to our executive officers and directors as of January 29, 2010. As of such date, Douglas Holdings' Board of Directors consisted of seven members.

Name	Age	Position
James L. Janik	53	President and Chief Executive Officer; Director
Robert McCormick	49	Vice President, Chief Financial Officer, Treasurer and Secretary
Mark Adamson	52	Vice President, Sales and Marketing
Keith Hagelin	49	Vice President, Operations
Michael Marino	30	Director
Jack O. Peiffer	76	Director
Nav Rahemtulla	35	Director
Mark Rosenbaum	36	Director
Jeffrey Serota	43	Director
Michael W. Wickham	63	Director

James L. Janik has been serving as our President and Chief Executive Officer and Director since 2004 and served as President and Chief Executive Officer of Douglas Dynamics Incorporated, the entity that previously operated our business, from 2000 to 2004. Mr. Janik was Director of Sales of our Western Products division from 1992 to 1994, General Manager of our Western Products division from 1994 to 2000 and Vice President of Marketing and Sales from 1998 to 2000. Prior to joining us, Mr. Janik was the Vice President of Marketing and Sales of Sunlite Plastics Inc., a custom extruder of thermoplastic materials, for two years. During the 11 prior years, Mr. Janik held a number of key marketing, sales and production management positions for John Deere Company. Mr. Janik's qualifications to serve on our Board of Directors include his 17 years of experience at our Company, including his 10 years of experience as our and Douglas Dynamics Incorporated's President and Chief Executive Officer, as well as his depth of experience at businesses affected by weather-related seasonality. This experience, comprehensive knowledge of the snow and ice control equipment industry, and inside perspective of the day-to-day operations of the Company provides essential insight and guidance to our Board of Directors.

Robert McCormick has been serving as our Vice President, Chief Financial Officer and Treasurer since September 2004 and as our Secretary since May 2005. Mr. McCormick served as our Assistant Secretary from September 2004 to May 2005. Prior to joining us, Mr. McCormick served as President and Chief Executive Officer of Xymox Technology Inc. from 2001 to 2004. Prior to that, Mr. McCormick served in various capacities in the Newell Rubbermaid Corporation, including President from 2000 to 2001 and Vice President Group Controller from 1997 to 2000. While Mr. McCormick served as President, he was responsible for Newell's Mirro / Wearever Cookware, and as Vice President Group Controller, he was responsible for worldwide strategic and financial responsibilities for 12 company divisions with sales of over two billion dollars.

Mark Adamson has been serving as our Vice President, Sales and Marketing since 2007. Prior to joining us, Mr. Adamson held numerous senior level management positions with industry leaders in the grounds care industry, including John Deere Company from 1980 to 2002 and Gehl Corporation from

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2002 to 2007. From 2003 to 2005, he was the Manager, Regional Sales & Distribution of Gehl Company, directing the sales and marketing activities of certain sales field managers in the northeastern United States responsible for Gehl product sales and rental., and from 2005 to 2007, he was the Director, Training and Customer Support, where he directed the aftermarket and training activities of five departments and thirty-two individuals responsible for Gehl and Mustang products worldwide. From 1980 to 2002, Mr. Adamson held several senior level management positions with John Deere Company.

Keith Hagelin has been serving as our Vice President, Operations since 2009, having previously spent 14 years in progressive roles with us, including Plant Manager and General Manager Rockland and most recently Vice President of Manufacturing from 2007 to 2009. Prior to joining Douglas, Mr. Hagelin spent 13 years at Raytheon Corporation in various manufacturing, production and new product development roles.

Michael Marino has been serving as a Director since 2009. Mr. Marino is also a Vice President of Aurora Capital Group. Aurora Capital Group is an affiliate of the Aurora Entities. The Aurora Entities control the vote with respect to approximately 67% of our common stock, prior to giving effect to this offering. He originally joined Aurora Capital Group in 2003 and, after earning his master's degree in business administration from Harvard Business School, rejoined in 2008. Prior to joining Aurora Capital Group, Mr. Marino was a member of the Investment Banking Division of Goldman, Sachs & Co. Mr. Marino also currently serves on the Board of Directors of Anthony International and Porex Corporation. Mr. Marino was appointed to our Board of Directors by the Aurora Entities (see " Structure of our Board of Directors"). Mr. Marino's qualifications to serve on our Board of Directors include his financial expertise and his years of experience providing advisory services to us and to other middle-market companies, in particular, in the manufacturing sector. As part of the team at Aurora Capital Group that was initially responsible for evaluating our Acquisition and is responsible for monitoring our progress on an ongoing basis, Mr. Marino has spent an extensive amount of time reviewing, monitoring and analyzing our business. Mr. Marino's extensive knowledge of our business coupled with his knowledge and insight with respect to financial and operational issues adds value to our Board of Directors as a general matter, but especially through the recent period, during which all companies dealt with extremely strained conditions in our economy.

Jack O. Peiffer has been serving as a Director since 2004. Mr. Peiffer was appointed to our Board of Directors by the Aurora Entities (see " Structure of our Board of Directors"). In 1994, Mr. Peiffer retired from General Electric after 38 years of service. Mr. Peiffer joined General Electric in 1955 in connection with General Electric's Financial Training Program. He served as Vice President and General Manager of General Electric Supply and Senior Vice President of Human Resources for General Electric, and held a variety of financial assignments including Traveling Auditor, Manager of Information and Data Process Services for the Radio Receiver business followed by Senior Financial Management positions in General Electric's Industrial Diamond business, Chemical and Metallurgical Group, and Technical Materials Sector. Mr. Peiffer previously served on the Board of Directors of K&F Industries Holdings, Inc. from 2006 to 2007. Mr. Peiffer's qualifications to serve on our Board of Directors include his extensive experience with public and financial accounting matters during his 38 years of service with General Electric, including 25 years in various financial assignments, as well as his service on boards of directors and audit committees of a variety of public and private companies. Mr. Peiffer also has extensive experience in supply chain management, which together with Mr. Peiffer's experience with accounting principles, financial controls, financial reporting rules and financial and accounting regulations makes him an asset to our Board of Directors.

Nav Rahemtulla has been serving as a Director since 2007. Mr. Rahemtulla is also a Principal in the Private Equity Group of Ares Management. Ares Management is an affiliate of Ares. Ares controls the vote with respect to 33.0% of our common stock, prior to giving effect to this offering. He joined Ares Management in 2001 from DMC Venture Capital where he served as a Director of Corporate

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Finance. He was previously a member of the Investment Banking Division of Donaldson, Lufkin & Jenrette Securities Corp. Mr. Rahemtulla also currently serves on the Board of Directors of AmeriQual Group, LLC, Aspen Dental Management Inc., Serta Inc. and Simmons Bedding Company. Mr. Rahemtulla was appointed to our Board of Directors by Ares (see " Structure of our Board of Directors"). Mr. Rahemtulla's qualifications to serve on our Board of Directors include his financial expertise, his extensive capital markets knowledge and his years of experience providing advisory services to us and to other middle-market companies. Mr. Rahemtulla's prior investment banking experience has also enabled him to provide substantial guidance to us with respect to financing matters. As part of the team at Ares Management that was initially responsible for evaluating its investment in us and is responsible for monitoring our progress on an ongoing basis, Mr. Rahemtulla has spent an extensive amount of time reviewing, monitoring and analyzing our business. Mr. Rahemtulla's knowledge and insight regarding our business and with respect to financial and operational issues adds value to our Board of Directors at all times, but especially during this current period as we undergo significant changes to our capital structure.

Mark Rosenbaum has been serving as a Director since 2005. Mr. Rosenbaum is a partner of Aurora Capital Group, which he joined in 2001. Aurora Capital Group is an affiliate of the Aurora Entities. The Aurora Entities control the vote with respect to approximately 67% of our common stock, prior to giving effect to this offering. Prior to joining Aurora Capital Group, Mr. Rosenbaum worked at Summit Partners from 1997 to 1999 and at Montgomery Securities from 1995 to 1997. Mr. Rosenbaum also currently serves on the Boards of Directors of Anthony International and NuCO2, Inc. Mr. Rosenbaum was appointed to our Board of Directors by the Aurora Entities (see " Structure of our Board of Directors"). Mr. Rosenbaum's qualifications to serve on our Board of Directors include his leadership experience as a partner at Aurora Capital Group, his financial expertise and his years of experience providing financial advisory services to other middle-market companies. As part of the team at Aurora Capital Group that was initially responsible for evaluating our Acquisition and is responsible for monitoring our progress on an ongoing basis, Mr. Rosenbaum has spent an extensive amount of time reviewing, monitoring and analyzing our business. Mr. Rosenbaum's extensive knowledge of our business coupled with his knowledge and insight with respect to financial and operational issues adds value to our Board of Directors at all times, but especially through the recent period, during which all companies dealt with extremely strained conditions in our economy.

Jeffrey Serota has been serving as a Director since 2004. Mr. Serota is a Senior Partner in the Private Equity Group of Ares Management. Ares Management is an affiliate of Ares. Ares controls the vote with respect to 33.0% of our common stock, prior to giving effect to this offering. Mr. Serota joined Ares in 1997 from Bear, Stearns & Co. where he served as a Vice President in the Investment Banking Department. Mr. Serota also worked at Salomon Brothers Inc. focusing on mergers and acquisitions and merchant banking transactions. Mr. Serota also currently serves on the Boards of Directors of EXCO Resources, Inc., Marietta Corporation, SandRidge Energy, Inc. and WCA Waste Corporation and previously served as a director of EXCO Resources, Inc. from July 2003 to October 2005. Mr. Serota was appointed to our Board of Directors by Ares (see " Structure of our Board of Directors"). Mr. Serota's qualifications to serve on our Board of Directors include his leadership experience as a partner at Ares Management, his investment banking and financial expertise and his years of experience providing advisory services to other middle-market companies in the industrial sector. As part of the team at Ares Management that was initially responsible for evaluating its investment in us and is responsible for monitoring our progress on an ongoing basis, Mr. Serota has spent an extensive amount of time reviewing, monitoring and analyzing our business. Mr. Serota's knowledge and insight with respect to financial and operational issues adds value to our Board of Directors at all times, but especially through the recent period, during which all companies dealt with extremely strained conditions in our economy.

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Michael W. Wickham has been serving as a Director since 2004. Mr. Wickham was appointed to our Board of Directors by the Aurora Entities (see "   Structure of our Board of Directors"). Mr. Wickham retired as Chairman of the Board of Roadway Corporation in December, 2003, where he was Chief Executive Officer from 1997 to 1999 and Chairman and Chief Executive Officer from 1999 until his retirement in 2003. Prior to that, he was the President of Roadway Express, where he held a variety of management positions during his 35-year career with the company. Mr. Wickham also currently serves as a member of the Board of Directors of C.H. Robinson Worldwide and Republic Services, Inc. Mr. Wickham's qualifications to serve on our Board of Directors include his 35 years of managerial experience at Roadway Express, including his six years as Roadway Corporation's Chief Executive Officer. His experience at Roadway brings key senior management and operational insight to our Board of Directors. In particular, Mr. Wickham has significant expertise in transportation and shipment logistics. His service on the Board of Directors of C.H. Robinson Worldwide and Republic Services, Inc. also provides valuable insight on public company governance practices.

Our executive officers (as defined in the SEC's Rule 3b-7) are Messrs. Janik, McCormick, Adamson and Hagelin.

Structure of our Board of Directors

As noted above, our Board of Directors currently consists of seven members. Four of our directors, Messrs. Marino, Peiffer, Rosenbaum and Wickham, were appointed to our Board of Directors by the Aurora Entities and two of our directors, Messrs. Serota and Rahemtulla, were appointed to our Board of Directors by Ares. Pursuant to the terms of Douglas Holdings' current certificate of incorporation, Aurora Equity Partners II L.P., as the sole holder of the one outstanding share of Series B preferred stock, is entitled to elect four directors to Douglas Holdings' Board of Directors and Ares, as the sole holder of the one outstanding share of Series C preferred stock, is entitled to elect two directors to Douglas Holdings' Board of Directors. These respective rights terminate upon the Aurora Entities (and its affiliates and co-investors) and Ares (and its affiliates) ceasing to beneficially own a certain number of shares of our common stock. These rights will be terminated prior to the consummation of this offering. Our Board of Directors met four times during 2009. Each of Messrs. Wickham & Peiffer qualifies as "independent" under the applicable rules of the New York Stock Exchange.

In accordance with the provisions of our certificate of incorporation and bylaws that we plan to adopt prior to the consummation of this offering, which we refer to in this prospectus as the new certificate of incorporation and the new bylaws, upon consummation of this offering, the terms of office of members of our Board of Directors will be divided into three classes:

- Class I Directors, whose terms will expire at the annual meeting of stockholders to be held in 2011;
- Class II Directors, whose terms will expire at the annual meeting of stockholders to be held in 2012; and
- Class III Directors, whose terms will expire at the annual meeting of stockholders to be held in 2013.

Our Class I Directors will be Messrs. Peiffer and Wickham, our Class II Directors will be Messrs. Marino and Rahemtulla and our Class III Directors will be Messrs. Janik, Rosenbaum and Serota. At each annual meeting of stockholders, the successors to the directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following such election. Any vacancies in our classified Board of Directors will be filled by the remaining directors and the elected person will serve the remainder of the term of the class to which he or she is appointed. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our Board of Directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control.

Our Board of Directors has determined that each of Messrs. Wickham and Peiffer qualify as independent under the independence standards of the NYSE. In accordance with the listing standards of the NYSE, within twelve months of the listing of our shares on the NYSE, we plan to appoint at least two independent members to replace two non-independent members so that a majority of our Board of Directors will be independent within the meaning of the listing standards of the NYSE.

Board Leadership Structure

Prior to the consummation of this offering, we plan to appoint Mr. Wickham, one of our non-employee independent directors, as the Chairman of our Board of Directors. Our Board of Directors believes that the separation of the role of Chief Executive Officer and Chairman of our Board of Directors is the most appropriate leadership structure for our Board of Directors at this time. Separating these positions will allow our Chief Executive Officer to focus on our day-to-day operations, while allowing the Chairman of our Board of Directors to lead our Board of Directors in its role of providing independent oversight and advice to management.

Our new bylaws and Corporate Governance Guidelines, however, will provide us with the flexibility to combine these roles in the future, permitting the roles of Chief Executive Officer and Chairman to be filled by the same individual. This will provide our Board of Directors with flexibility to determine whether the two roles should be combined in the future based on the Company's needs and our Board of Directors' assessment of the Company's leadership structure from time to time. Our Corporate Governance Guidelines will also allow for an independent lead director (who may preside over the executive sessions of the non-employee directors) in the event the roles of Chief Executive Officer and Chairman are combined.

Risk Management and Oversight

Our full Board of Directors oversees the Company's risk management process. Our Board oversees a Company-wide approach to risk management, carried out by management. Our full Board determines the appropriate risk for the Company generally, assesses the specific risks faced by the Company and reviews the steps taken by management to manage those risks.

While the full Board maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, our Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements and the incentives created by the compensation awards it administers. Our Audit Committee oversees management of enterprise risks as well as financial risks and effective upon the consummation of this offering will also be responsible for overseeing potential conflicts of interests. Effective upon the listing of our common stock on the NYSE, our Nominating and Corporate Governance Committee will be responsible for overseeing the management of risks associated with the independence of the Board of Directors. Pursuant to the Board's instruction, management regularly reports on applicable risks to the relevant committee or the full Board, as appropriate, with additional review or reporting on risks conducted as needed or as requested by the Board and its committees.

Code of Ethics

Prior to the consummation of this offering, we will adopt a "code of ethics" as defined by the rules of the SEC under the Securities Exchange Act of 1934, as amended, which we refer to in this prospectus as the Exchange Act, applicable to our principal executive officer, principal financial officer and principal accounting officer, as well as all of our employees. A copy of this code of ethics, will be available on our website at *www.DouglasDynamics.com*. We intend to post on our website any amendments to, or waivers (with respect to our principal executive officer, principal financial officer and controller) from, this code of ethics within four business days of any such amendment or waiver.

Board Committees

We currently have a standing Audit Committee and Compensation Committee. Prior to the consummation of this offering, our Board of Directors will also establish a Nominating and Corporate Governance Committee. We believe that the composition of these committees will meet the criteria for independence under, and the functioning of these committees will comply with the requirements of, the Sarbanes-Oxley Act of 2002, the rules of the NYSE and the SEC rules and regulations that will become applicable to us upon consummation of this offering. We intend to comply with the requirements of the NYSE with respect to committee composition of independent directors as they become applicable to Douglas Holdings. Summarized below are the responsibilities our Audit Committee and Compensation Committee will have upon consummation of this offering as well as the responsibilities we expect our Nominating and Corporate Governance Committee to have upon its creation.

Audit Committee

Prior to the consummation of this offering, our Board of Directors will adopt a written charter under which our Audit Committee will operate. This charter will set forth the duties and responsibilities of our Audit Committee, which, among other things, will include: the appointment, compensation, retention and oversight of our independent registered public accounting firm; evaluation of our independent registered public accounting firm's qualifications, independence and performance; review and approval of the scope of our annual audit and audit fee; review of our critical accounting policies and estimates; review of the results of our annual audit and our quarterly consolidated financial statements; and oversight of our internal audit function. A copy of our Audit Committee charter will be available on our website at *www.DouglasDynamics.com* prior to the listing of our common stock on the NYSE.

The current members of our Audit Committee are Messrs. Peiffer (Chair), Rahemtulla and Marino. Prior to the consummation of this offering, we plan to appoint Mr. Wickham to our Audit Committee, such that our Audit Committee will be comprised of Messrs. Peiffer (Chair), Rahemtulla, Marino and Wickham. Our Board of Directors has determined that Messrs. Peiffer and Wickham are each independent within the meaning of applicable SEC rules and the listing standards of the NYSE, and has determined that Mr. Peiffer is an audit committee financial expert, as such term is defined in the rules and regulations of the SEC. The Audit Committee met two times during 2009.

In accordance with Rule 10A-3 under the Exchange Act and the listing standards of the NYSE, within 90 days after the effectiveness of the registration statement relating to this offering, we plan to reconstitute the composition of our Audit Committee to remove one of the non-independent members from the committee so that a majority of the members will be independent at that time. Within twelve months after the effectiveness of the registration statement relating to this offering we plan to appoint a new independent member to replace the remaining non-independent member so that all of our Audit Committee members will be independent within the meaning of Rule 10A-3 under the Exchange Act and the listing standards of the NYSE.

Compensation Committee

Prior to the consummation of this offering, our Board of Directors will adopt a written charter under which our Compensation Committee will operate. This charter will set forth the duties and responsibilities of our Compensation Committee, which, among other things, will include: oversight of

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our overall compensation structure, policies and programs; review and approval of the compensation programs applicable to our executive officers; determination of the compensation of our directors; administering, reviewing and making recommendations with respect to our equity compensation plans; and reviewing succession planning for our executive officers. A copy of our Compensation Committee charter will be available on our website at *www.DouglasDynamics.com* prior to the listing of our common stock on the NYSE.

The current members of our Compensation Committee are Messrs. Wickham (Chair), Rosenbaum and Serota. Prior to the consummation of this offering, we plan to appoint Mr. Peiffer to our Compensation Committee, such that our Compensation Committee will be comprised of Messrs. Wickham (Chair), Rosenbaum, Serota and Peiffer. Our Board of Directors has determined that Messrs. Wickham and Peiffer are each independent under the rules of the NYSE. The Compensation Committee met one time during 2009.

In accordance with the listing standards of the NYSE, within 90 days after the listing of our common shares on the NYSE, we plan to reconstitute the composition of our Compensation Committee to remove one of the non-independent members from the committee so that a majority of the members will be independent at that time. Within twelve months after the listing of our shares on the NYSE we plan to appoint a new independent member to replace the remaining non-independent member so that all of our Compensation Committee members will be independent within the meaning the listing standards of the NYSE.

Nominating and Corporate Governance Committee

Prior to the consummation of this offering, our Board of Directors will adopt a written charter under which our Nominating and Corporate Governance Committee will operate. This charter will set forth the duties and responsibilities of our Nominating and Corporate Governance Committee, which, among other things, will include: recruiting and retaining qualified persons to serve on our Board of Directors, including proposing such individuals to our Board of Directors for nomination for election as directors; evaluating the performance, size and composition of our Board of Directors; establishing procedures for the consideration of Board of Director candidates recommended by the Company's stockholders; assessing the independence of each member of our Board of Directors; and overseeing our compliance activities. A copy of our Nominating and Corporate Governance Committee charter will be available on our website at *www.DouglasDynamics.com* prior to the listing of our common stock on the NYSE.

In addition, prior to the listing of our common stock on the NYSE, we expect to appoint Messrs. Peiffer and Wickham as members of our Nominating and Corporate Governance Committee. Our Board of Directors has determined that Messrs. Peiffer and Wickham are each independent under the rules of the NYSE. Accordingly, our Nominating and Corporate Governance Committee will be comprised solely of independent members within the meaning of the listing standards of the NYSE prior to the listing of our common stock on the NYSE.

Compensation Committee Interlocks and Insider Participation

During 2009, our Compensation Committee consisted of Messrs. Wickham (Chair), Rosenbaum and Serota. None of the foregoing members of our Compensation Committee is an officer or employee of the Company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

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Limitation of Directors' Liability and Indemnification

The Delaware General Corporation Law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Prior to the consummation of this offering, our certificate of incorporation will be amended and restated to include a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the Delaware General Corporation Law.

Prior to the consummation of this offering, our existing bylaws will be amended and restated to provide that we must indemnify our directors and officers to the fullest extent authorized by the Delaware General Corporation Law. We are and will be expressly authorized to carry directors' and officers' insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

The limitation of liability and indemnification provisions that will be included in our new certificate of incorporation and new bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders.

In addition to the indemnification to be provided by our new bylaws, prior to the consummation of this offering, we will enter into agreements to indemnify our directors and executive officers. These agreements, subject to certain exceptions, will require us to, among other things, indemnify these directors and executive officers for certain expenses, including attorney fees, witness fees and expenses, expenses of accountants and other advisors, and the premium, security for and other costs relating to any bond, arising out of that person's services as a director or officer of us or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives of our Compensation Programs

We believe that a skilled, experienced and dedicated senior management team is essential to the future performance of our Company and to building stockholder value. We have sought to establish competitive compensation programs that enable us to attract and retain executive officers with these qualities as well as to motivate management to maximize performance while building stockholder value.

We compensate our named executive officers, who are identified below, through both short term cash programs, including annual salary and an annual incentive plan, and long term incentive programs, reflecting a mix of fixed and variable compensation. Although our compensation program provides for a mix of both short and long term compensation and cash and non-cash compensation, we do not have any specific policy on those allocations. Our compensation philosophy is centered on providing an opportunity for an executive's total annual compensation to exceed what we believe is the general market level of compensation for similar executive roles. Our business is subject to variability of earnings due to year-to-year variations in snowfall. Accordingly, we have designed our compensation program to provide for a competitive annual salary while offering our named executive officers the opportunity to earn a substantial amount of variable compensation based on our profitability. This program aligns named executive officer compensation with our variable earnings model and differentiates us from our competitors when attracting and motivating our executives.

In connection with becoming a public company we expect that certain aspects of our long term compensation program will likely change, primarily in the area of equity compensation. Currently, equity compensation is limited to stock options that have been granted to some, but not all, of our executives. Executives who have not received stock options participate in our Long Term Incentive Plan.

Our named executive officers for 2009 are Mr. Janik, President and Chief Executive Officer; Mr. McCormick, Vice President, Chief Financial Officer, Treasurer and Secretary; Mr. Adamson, Vice President, Sales and Marketing and Mr. Hagelin, Vice President, Operations.

Management's Role in the Compensation-Setting Process

During 2009 and in previous years, our Compensation Committee's role was limited to determining and approving equity awards and the allocation and payments under our Annual Incentive Plan and Long Term Incentive Plan for all of our named executive officers and reviewing and overseeing risks associated with our compensation policies and practices. Historically, our Chief Executive Officer has set base salaries for our executive officers other than himself, and has recommended performance targets under the Annual Incentive Plan for approval by the Compensation Committee as explained in more detail under the section entitled "Annual Incentive Plan" below. Our Chief Executive Officer also negotiated employment agreements with those executive officers who entered into such agreements, and made recommendations to our Compensation Committee with respect to equity awards for our named executive officers other than himself. All compensation elements for our Chief Executive Officer are reviewed and approved by our Board of Directors (other than Mr. Janik). Upon consummation of this offering, we anticipate that the Compensation Committee will expand its role in reviewing and approving executive compensation in accordance with the duties and responsibilities set forth in the Compensation Committee's charter to be adopted prior to the consummation of this offering. Among other things, it is anticipated that the Compensation Committee will oversee the Company's overall compensation structure, policies and programs; administer and make recommendations to our Board of Directors on equity- and incentive-based compensation plans that require approval from our Board of Directors; review and approve corporate goals and objectives relevant to the compensation of our Chief

Executive Officer and other executive officers and evaluate such officers in light of those goals and objectives; and review and recommend employment agreements and severance and change of control arrangements for our executive officers, and review and oversee risks associated with our compensation policies and practices.

For 2009 and in previous years, we did not engage in a formal benchmarking process or use the services of an independent compensation consultant in developing our compensation programs for our named executive officers. We based compensation levels on the collective experience of the members of our Board of Directors, Compensation Committee and our Chief Executive Officer, their business judgment and their experiences in recruiting and retaining executives.

Elements of Executive Compensation

The key components of our compensation program for our named executive officers are base salary, the Annual Incentive Plan, the 2004 Stock Incentive Plan and the Long Term Incentive Plan, and other compensation consisting primarily of matching 401(k) contributions, the salaried employee pension plan, health and welfare benefits and other perquisites. Each component of our compensation program has an important role in creating compensation payouts that motivate and reward strong performance and in retaining the named executive officers who deliver such performance.

Base Salary

We pay our named executive officers a base salary to compensate them for services rendered and to provide them with a steady source of income for living expenses throughout the year. In general, the base salary of each executive was initially established through arm's-length negotiations at the time the individual was hired, taking into account the individual's qualifications, experience, level of responsibility, as well as internal pay equity considerations.

Our Chief Executive Officer reviews the base salaries of our named executive officers other than himself for potential merit increases once per year based on the performance of the executive and his functional areas of responsibility, overall Company financial performance, and the current year Company merit increase budget. Using these factors, our Chief Executive Officer then uses his subjective determination to set the actual amount of merit increase, if any, for each named executive officer other than himself. Our Chief Executive Officer currently has the authority to, on his own, approve increases in the base salaries of the other named executive officers (up to a maximum of a 5% increase for named executive officers with employment agreements). If a proposed merit increase for a named executive officer with an employment agreement exceeds 5%, the Compensation Committee must approve the increase. For our Chief Executive Officer, the base salary is reviewed by and subject to increase (but not decrease) at the sole discretion of our Board of Directors (other than Mr. Janik) each year.

For 2009, our Chief Executive Officer determined that the other named executive officers would receive 3% merit increases to their base salaries, other than Mr. Hagelin, who received an increase in an absolute dollar amount similar to the other named executive officers' increases in order to keep his compensation in line with the other named executive officers. Since Mr. Hagelin's base salary is substantially lower than the other named executive officer base salaries, his absolute dollar increase resulted in a larger percentage increase as compared to the other named executive officers. Mr. Janik did not receive a salary increase in 2009. In 2008, he received a merit increase of 10.8% in recognition of his outstanding performance in 2007 based on the following subjective criteria determined at the time the increase was approved. First, he effectively managed the business (based on Adjusted EBITDA) through a low snowfall, low sales volume period, and positioned the business to maximize profit when sales volume returned by improving per unit gross margins and focusing on lean manufacturing initiatives. In addition, Mr. Janik assembled a talented management team, both by hiring

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new executives in key strategic positions and by causing the existing management team to work cohesively in developing the Company's short- and long-term strategic direction. Due to the size of this increase, the Board of Directors determined at that time that it would not increase Mr. Janik's salary in 2009.

In 2009 the base salaries for our executives were increased as follows due to merit increases:

Executive	Current Salary	Base Salary Merit Increase	% Merit Increase
James Janik	$ 360,006	$	0.0%
Robert McCormick	$ 252,346	$ 7,363	3.0%
Mark Adamson	$ 220,938	$ 6,427	3.0%
Keith Hagelin	$ 152,256	$ 7,259	5.0%

Annual Incentive Plan

Our named executive officers, as well as certain other management employees, participate in the Annual Incentive Plan, which we refer to in this prospectus as the AIP, which provides an opportunity to earn a cash bonus upon achievement of certain performance targets approved by the Compensation Committee. These performance objectives are designed to link management's focus with overall Company objectives by providing the executive an opportunity to earn additional short-term compensation. As noted above, we set base salaries at what we believe is the median general market level and emphasize variable compensation to provide an opportunity for total annual compensation for our named executive officers to exceed what we believe to be the general market level of compensation for similar executives in the event of superior performance.

The 2009 performance metrics under the AIP are comprised of two components, operating income and Company shipping performance. These components are weighted 70% and 30%, respectively. Historically, operating income has always been a component under the AIP and has always been weighted 70%. This weighting reflects the Compensation Committee's belief that any incentive compensation should be driven principally by the Company's profitability. Our management is given discretion to determine what performance metric or metrics will comprise the remaining 30% of the annual bonus opportunity. This allows our management to select a metric or metrics that reflect the current focus of our business, which are then submitted by the Chief Executive Officer to the Compensation Committee for approval. Management's decision to use Company shipping performance for 2009 reflects its intent to differentiate the Company from its competitors by having exceptional shipping performance.

Each named executive officer has a target bonus level of 70% of his annual base salary. Prior to 2009, the maximum payout under the operating income metric was capped at 140% (which is reduced to 98% of annual base salary based on its 70% weighting under the AIP). Beginning in 2009, this cap was removed to ensure management is rewarded appropriately for achieving truly outstanding financial performance, but the total payout under the AIP is still subject to an overall cap of 140% of annual base salary for each named executive officer. In other words, even if the named executive officers fail to achieve payout based on perfect ship performance, they may still receive a bonus of up to 140% of annual base salary based on operating income results. See below for a detailed discussion of our performance metrics and the calculation of payouts for 2009.

The operating income metric, as defined in the AIP, measures the degree by which actual operating income performance exceeds or falls short of baseline operating income. Actual operating income is defined as net sales less cost of goods sold and selling, general and administrative expense. Baseline operating income is defined as the historical five year average operating income per snowfall

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inch, $13,019 for 2009, multiplied by the aggregate number of snowfall inches during the current year snow season (snowfall measured by the National Oceanic and Atmospheric Administration's National Weather Service for October 1 through March 31 in 66 cities in 26 snowbelt states across the Northeast, East, Midwest and Western United States where the Company monitors snowfall levels). If actual operating income falls below the target, the payout is reduced, on a linear basis, 35% from the target level for each 10% decrease, until it falls below 80% of the target, at which point no bonus is earned. If actual operating income is higher than the target, the payout is increased, on a linear basis, 35% from the target level for each 12.5% increase, with no cap. For 2009 the baseline operating income target was $47.6 million. Actual operating income, as defined in the AIP, totaled $40.4 million. As a result, based on 2009 performance and the 70% weighting, the payout for this component of the annual incentive plan is 11.7% of annual base salary.

The following table sets forth the reconciliation between 2009 actual operating income used for purposes of the AIP, and the operating income reported in our financial statements:

Operating Income per Financial Statements	$	29.4
Adjustments		
Management Fees		1.4
Intangible Amortization		6.2
Other Non-Recurring Adjustments		
Accelerated Depreciation		0.9
Facility Preparation		0.4
Severance Costs		0.7
Legal & Professional Fees		0.7
Securities Repurchases		0.7
Adjusted Operating Income per AIP	$	40.4

The following table sets forth the calculation of the 11.7% of base salary payout based on operating income component:

Comparison of Actual to Target Operating Income		
Baseline Operating Income Target	$	47.6
Adjusted Operating Income per AIP	$	40.4
Percentage difference (Actual to Target Shortfall)		(15.2)%
Effect on Overall 70% Target Bonus Level		
Payout at Target		70%
Reduction of 70% target level due to 15.2% shortfall (a reduction of 35% for each 10% of shortfall)		(53.3)%
Payout at Actual		16.7%
Effect of Operating Income Weighting		
70% Weighting under AIP		70%
Operating Income Payout		11.7%

The Company's shipping performance or perfect ship metric is defined as the percentage of customer orders shipped 100% complete on or before the requested ship date. For 2009, the target bonus for this component is achieved at 95.0% perfect ship performance. If performance falls below the target, the payout is reduced 35% from the target level for each 2.5% decrease, until it falls below 90.0%, at which point no bonus is earned. If performance is higher than target, the payout is increased 35% from the target level for each 2.5% increase, up to a maximum perfect ship performance of 100.0%. Actual perfect shipment performance for 2009 was 98.2%. Thus the payout for this component of the AIP is 34.5% of annual base salary.

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The following table sets forth the calculation of the 34.5% of base salary payout based on perfect ship component:

Comparison of Actual to Target Perfect Ship	
Perfect Ship Target	95%
Actual Perfect Ship	98.2%
Percentage difference (Actual to Target Shortfall)	3.2%
Effect on Overall 70% Target Bonus Level	
Payout at Target	70%
Increase of 70% target level due to 3.2% exceeding of target amount (an increase of 35% for each 2.5% increase)	45.1%
Payout at Actual	115.1%
Effect of Perfect Ship Weighting	
30% Weighting under AIP	30%
Perfect Ship Payout	34.5%

In setting the performance goals under the AIP our intention is to provide for challenging and ambitious targets to further our overall goal of increasing stockholder value. Though challenging, we believe the goals are attainable through a collaborative effort by our named executive officers.

The Compensation Committee has the right to review and approve payouts made under the AIP. Because awards are based on non-discretionary achievement of the applicable performance metrics, the Compensation Committee determined in 2006 that it would rely on a report from management and not exercise its right to review those results prior to bonus payment. The Compensation Committee has the authority to modify, suspend or terminate the AIP at any time.

Long Term Incentive Compensation

2004 Stock Incentive Plan

We introduced the 2004 Stock Incentive Plan, which we refer to in this prospectus as the 2004 Stock Plan, in April 2004 in connection with the Acquisition. The purposes of the 2004 Stock Plan are to attract, motivate and retain key employees, consultants and advisors by providing for or increasing their proprietary interests in the Company. We believe that long term performance is achieved though an ownership culture that rewards and encourages long term performance by our named executive officers though the use of stock-based awards. Currently three of our named executive officers, Messrs. Janik, McCormick and Adamson, have been granted stock options under the 2004 Stock Plan. By design, awards under our 2004 Stock Plan are limited to a very small group of senior executive officers. Our other named executive officer, Mr. Hagelin, was recently promoted to an executive officer role with the Company, and we intend to provide him with equity compensation when he further develops in this role following the consummation of this offering.

The Compensation Committee determines who will receive awards under the 2004 Stock Plan and the terms and conditions of those awards. In determining the size of a stock option grant, the Compensation Committee takes into consideration the individual's potential impact on Company performance, the number of option grants available, and internal pay equity considerations. Although not required, to date all stock option grants have been made in connection with a named executive officer's commencement of employment and the amounts thereof resulted from arms-length negotiations in connection with such commencement of employment, other than the options granted to Mr. Janik, which were granted in connection with the Acquisition and the adoption of the 2004 Stock Plan.

All stock options were granted with an exercise price equal to the fair market value of our stock on the date of grant. Stock options vest over a 5 year period at 20% per year on the anniversary of the

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grant date. The Company believes this vesting schedule appropriately encourages long term employment with our Company, while allowing our named executive officers to realize compensation in line with creating stockholder value. Prior to the consummation of this offering, the 2004 Stock Plan will be amended and restated. See "2004 Stock Incentive Plan" below for information on the terms of such amendment and restatement.

Long Term Incentive Plan

Prior to 2004, the Company did not maintain an equity-based compensation program. To entice our key employees to maintain a long term commitment to us, our predecessor-in-interest introduced the Long Term Incentive Plan, which we refer to in this prospectus as the LTIP, in 1992. The LTIP is a cash-based plan. Participants are recommended by the Chief Executive Officer and are subject to review and approval by the Compensation Committee. The Compensation Committee reviews and approves all allocations and payments under the LTIP. Currently, one of our named executive officers, Mr. Hagelin, and a limited number of management employees participate in the LTIP.

The key measurement factor for the LTIP is defined cash flow, which we refer to below as DCF. Because our business is seasonal and our earnings vary from year-to-year, generating cash flow is particularly important to our business. DCF is measured as cash flow from operations before financing costs, management fees, interest and income taxes after normal capital expenditures, as defined by the LTIP.

Under the LTIP, bookkeeping accounts are maintained for each participant tracking the participant's accrued balance under the LTIP. There are two potential sources of input to a participant's account under the LTIP:

1. A seed money amount will be calculated each year equal to 0.5% of DCF from current year operations. There will be no seed amount in any year where DCF is less than $20 million. Seed money will be allocated to a named executive officer's account based upon the ratio of the officer's base salary compared to the total of all participants' base salaries.

2. A growth percentage, depending on the actual DCF for the year, as determined by the following matrix. The growth percentage is applied to the named executive officer's account beginning of the year balance as adjusted for any payouts during the year.

DCF (in millions)	$ 5	$ 10	$ 20	$ 30	$ 40	$ 50	$ 55	$ 60	$65 and above
Growth %	(45)%	(25)%	(10)%	(5)%	5%	15%	20%	25%	30%

For 2009, the Company's DCF was $39 million, which resulted in an allocation of $7,823 and a growth percentage of 4% being applied to Mr. Hagelin's account balance under the LTIP. Vested account balances are generally paid out only in connection with a termination of employment, either in a lump sum or in installments depending on the reason for termination and the amount of the account balance at the time of termination, subject to partial payout during employment if an account balance exceeds two times the participant's base salary. See " Non-Qualified Deferred Compensation" for additional information regarding the payout of account balances. Concurrent with the implementation of the 2004 Stock Plan, the LTIP balances of certain employees, including Mr. Janik, were converted into an aggregate of 174,230 deferred stock units, each of which currently represents the right to receive one share of our common stock, pursuant to the terms of the deferred stock unit agreements between such employees and us.

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Other Compensation

In addition to their base salaries and awards under incentive plans described above, our named executive officers receive matching contributions under our 401(k) plan in the same manner as all of our employees who participate in the plan. We match 20% of a participant's pre-tax contributions up to the first 5% of such participant's base salary up to the maximum allowed by the plan. Additionally, as with all other salaried employees, the named executive officers are eligible to participate in the Douglas Dynamics, L.L.C. Salaried Pension Plan, which is described in more detail below.

Each named executive officer is also eligible to participate in all other benefit plans and programs that are or may be available to our other executive employees, including any health insurance or health care plan, disability insurance, vacation and sick leave, and other similar plans. The only perquisite our named executive officers receive is a Company-paid annual executive physical which was introduced in 2009.

Exercise of Discretion in Executive Compensation

The Compensation Committee has the discretion to adjust awards under the AIP and LTIP, but has historically not exercised such discretion either to approve payments to named executive officers if a performance goal in a given year is not attained or to reduce payments to named executive officers if a performance goal is met.

Our Board of Directors and Compensation Committee meet as often as required during the year in furtherance of their respective duties, including a review of all Company annual incentive plans and compensation for Mr. Janik.

Severance and Change of Control Arrangements

Three of our named executive officers, Messrs. Janik, McCormick and Adamson, are parties to employment agreements entered into at the time of their initial hire by us. Under each of these employment agreements, the named executive officer is eligible for severance benefits consisting of base salary continuation (ranging from twelve to 24 months), paid COBRA coverage for twelve months and accelerated vesting of a portion of the executive's then outstanding stock options if his employment is terminated by us without cause or if the executive resigns due to a material breach by us. Additionally, Mr. Janik is entitled to receive a pro-rated portion of his annual bonus under the AIP if his employment is terminated for any reason other than a termination by the Company for cause or resignation other than for a Material Breach. Mr. Adamson's severance benefits are also triggered in the event we do not renew the initial term of his employment agreement in August 2010. Mr. Hagelin, who does not have an employment agreement, would be entitled to participate in our customary severance plan if he were terminated without cause, which provides for one week of severance for each year of service and access to COBRA benefits as required by applicable laws. Additionally, he would remain fully vested in his LTIP account.

We compete for executive talent in a highly competitive market in which companies routinely offer similar benefits to named executive officers. We view these benefits as appropriate for the named executive officers who may not be in a position to readily obtain comparable employment within a reasonable period of time.

Additionally, in the event of a change of control (as defined in the option award agreements), all of the unvested options held by Messrs. Janik, McCormick and Adamson would become fully vested. In the case of Mr. Janik, who is our only named executive officer who has been granted deferred stock units, his deferred stock units would also convert into an equivalent number of shares of our common stock.

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We also maintain a Liquidity Bonus Plan, which we refer to as the LBP. The LBP provides for cash bonus payments to eligible participants in connection with a change of control (as defined in the LBP). The LBP became effective November 2007 and automatically terminates on the fifth anniversary of its effective date unless a change of control occurs prior to such date. Upon a change of control, a bonus pool equal to $1,000,000 (or such greater amount as may be determined by our Board of Directors) is to be allocated among eligible employees (which includes the named executive officers) in the manner determined by our Board of Directors in its sole discretion and subsequently paid out in accordance with those allocations. Our Board of Directors is required to allocate 100% of the pool to eligible employees.

Certain of our named executive officers, Mr. Janik and Mr. McCormick, have long service records with us and generally have provided the vision and leadership that has built us into the successful enterprise that we are today. We believe that providing these change of control benefits will keep these individuals, as well as the other named executive officers, focused on stockholders interests rather than income security in the event of a potential change of control transaction.

Please refer to the discussion below under " Potential Payments upon Termination or Change of Control" for a more detailed discussion of our severance and change of control arrangements.

Stock Ownership Guidelines

The are currently no equity ownership requirements or guidelines that any of our named executive officers or other employees must meet or maintain.

Policy Regarding Restatements

We do not currently have a formal policy requiring a fixed course of action with respect to compensation adjustments following later restatements of financial results. Under those circumstances, our Board of Directors or Compensation Committee would evaluate whether compensation adjustments were appropriate based on the facts and circumstances surrounding the restatement.

Tax Deductibility

The Compensation Committee has considered the potential future effects of Section 162(m) of the Internal Revenue Code on the compensation paid to our named executive officers. Section 162(m) places a limit of $1 million on the amount of compensation that a publicly held corporation may deduct in any one year with respect to its chief executive officer and each of the next three most highly compensated executive officers (other than its chief financial officer). In general, certain performance-based compensation approved by stockholders is not subject to this deduction limit. As we are not currently publicly-traded, the Compensation Committee has not previously taken the deductibility limit imposed by Section 162(m) into consideration in making compensation decisions. We expect that following the consummation of this offering, the Compensation Committee will adopt a policy that, where reasonably practicable, we will seek to qualify the variable compensation paid to our named executive officers for an exemption from the deductibility limits of Section 162(m). However, we may authorize compensation payments that do not comply with the exemptions in Section 162(m) when we believe that such payments are appropriate to attract and retain executive talent.

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Executive Compensation

Summary Compensation Table for Fiscal Year Ended 2009

Name	Year	Salary	Option Awards(1)	Non-Equity Incentive Plan Comp(2)	Nonqualified Deferred Compensation Earnings(3)	All Other Comp(4)	Total
James Janik	2009	$ 360,006	$ 650,413	$ 166,285	$ 47,077	$ 21,603	$ 1,245,384
Robert McCormick	2009	$ 247,531	$ 82,132	$ 114,333	$ 20,750	$ 21,452	$ 486,198
Mark Adamson	2009	$ 216,735		$ 100,109	$ 33,164	$ 3,131	$ 353,139
Keith Hagelin	2009	$ 150,860		$ 69,682	$ 28,987	$ 9,518	$ 259,047

(1) No options were granted to Messrs. Janik and McCormick in 2009; instead, we repurchased 79,349 and 10,023 vested options to acquire shares of our common stock from Mr. Janik and Mr. McCormick, respectively, in January 2009. Since the options were not exercised and the shares were not held by executives for six months prior to repurchase, the fair value of the repurchased options is recorded as share based compensation in the consolidated financial statements. See "Certain Relationships and Related Party Transactions Repurchase Agreements" and Note 16, Redeemable stock and stockholders' equity Common Stock Repurchase, in the notes to the consolidated financial statements contained elsewhere in this prospectus.

(2) Reflects the actual payout for the 2009 AIP.

(3) For Messrs. Janik, McCormick and Adamson, reflects 2009 change in pension plan value. For Mr. Hagelin, represents 2009 change in both pension plan value of $21,485 and the growth portion of the LTIP of $7,502.

(4) Reflects 401(k) match, seed money for LTIP, cost of executive physicals and forgiveness of accrued interest. See table below.

Name	401(k) Matching Contribution	Executive Physicals	Long Term Incentive Plan Seed Money	Forgiveness of Accrued Interest	Total All Other Compensation
James Janik	$ 2,300	$ 831	N/A	$ 18,472	$ 21,603
Robert McCormick	$ 2,300	$ 831	N/A	$ 18,321	$ 21,452
Mark Adamson	$ 2,300	$ 831	N/A	N/A	$ 3,131
Keith Hagelin	$ 1,695	N/A	$ 7,823	N/A	$ 9,518

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Grant of Plan-Based Awards in Year 2009

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold	Target	Maximum	All Other Option Awards: Number of Securities Underlying Options(2)	Exercise or Base Price of Option Awards(2)	Grant Date Fair Value of Option Awards(2)
James Janik	$ 0	$ 252,004	$ 504,008	79,349	$ 4.21	$ 650,413
Robert McCormick	$ 0	$ 173,272	$ 346,543	10,023	$ 4.21	$ 82,132
Mark Adamson	$ 0	$ 151,715	$ 303,429			
Keith Hagelin	$ 0	$ 105,602	$ 211,204			

(1) Amounts reported above reflect the potential performance based incentive cash payments each executive could earn pursuant to the AIP for 2009 with the following explanations:

Threshold (0%) a minimum level of performance is required to begin earning an incentive. Thus, if these minimum thresholds are not met, the payout is $0.

Target (70% payout) the performance metrics are established to pay a targeted incentive of 70% of base salary for meeting expected performance levels as determined by the plan.

Maximum (140% payout) per the plan documentation, a maximum payout of 140% of base salary has been established.

(2) No options were granted to Messrs. Janik and McCormick in 2009; instead, we repurchased the options included in the table above in January 2009. Since the options were not exercised and the shares were not held by executives for six months prior to repurchase, the fair value of the repurchased options is recorded as share based compensation in the consolidated financial statements. See "Certain Relationships and Related Party Transactions Repurchase Agreements" and Note 16, Redeemable stock and stockholders' equity Common Stock Repurchase, in the notes to the consolidated financial statements contained elsewhere in this prospectus.

Narrative Disclosure to Summary Compensation Table for Year Ended December 31, 2009 and Grants of Plan-Based Awards in Year 2009 Table

Certain elements of compensation set forth in the Summary Compensation Table for Year Ended December 31, 2009 and Grants of Plan-Based Awards for Year 2009 Table reflect the terms of employment agreements between us and certain of the named executive officers.

James L. Janik. We are a party to an employment agreement with Mr. Janik entered into on March 30, 2004 in connection with the Acquisition. The agreement had an initial term of three years, after which it remains effective for successive one-year periods until we give or are provided by Mr. Janik with 90 days notice of termination prior to each successive renewal date. The agreement provides for an initial base salary of $270,000 per year, which was increased to $360,000 in 2008, and which is subject to annual increase at the discretion of our Board of Directors. In addition, pursuant to his employment agreement, Mr. Janik is eligible to receive an annual performance bonus of up to 100% of his base salary. As discussed in " Annual Incentive Plan," beginning in 2009, our Board of Directors provided for an increase in the maximum payouts under the AIP applicable to all participants and thus from 2009 onward Mr. Janik is eligible to receive an annual performance bonus of up to 140% of his base salary.

Robert L. McCormick. We are a party to an employment agreement with Mr. McCormick entered into on September 7, 2004. The agreement had an initial term of three years, after which it remains effective for successive one-year periods until we give or are provided by Mr. McCormick with 90 days notice of termination prior to each successive renewal date. The agreement provides for an initial base salary of $195,000 per year, which was increased to $252,346 in 2009, and which is subject to annual review and adjustment at the discretion of our Board of Directors. In addition, pursuant to his employment agreement Mr. McCormick is eligible to receive an annual performance bonus of up to 100% of his base salary. As discussed in " Annual Incentive Plan," beginning in 2009, our Board of Directors provided for an increase in the maximum payouts under the AIP applicable to all participants and thus from 2009 onward Mr. McCormick is eligible to receive an annual performance bonus of up to 140% of his base salary.

Mark Adamson. We are a party to an employment agreement with Mr. Adamson entered into on August 27, 2007. The agreement has an initial term of three years, after which it will remain effective for successive one-year periods until we give or are provided by Mr. Adamson with 90 days notice of termination prior to each successive renewal date. The agreement provides for an initial base salary of $205,000 per year, which was increased to $220,938 in 2009, and which is subject to annual review and adjustment at the discretion of our Board of Directors. In addition, pursuant to his employment agreement, Mr. Adamson is eligible to receive an annual performance bonus of up to 100% of his base salary. As discussed in " Annual Incentive Plan," beginning in 2009, our Board of Directors provided for an increase in the maximum payouts under the AIP applicable to all participants and thus from 2009 onward Mr. Adamson is eligible to receive an annual performance bonus of up to 140% of his base salary.

Prior to the consummation of this offering, each of these employment agreements will be amended for purposes of complying with Section 409A of the Internal Revenue Code. These amendments provide that it is our intent that the agreements satisfy the requirements of Section 409A and are interpreted consistent with that intent. The amendments further provide that, to the extent required by Section 409A, severance payments that become due under the agreements that are considered deferred compensation at the time of termination of employment will be delayed until the earlier of six months following the applicable executive's termination of employment or the date of the executive's death following termination of employment, at which time all such delayed payments will be paid in lump sum to the executive without interest.

Outstanding Equity Awards at Year End 2009

The following table sets forth for each named executive officer, unexercised options, unvested stock and equity incentive plan awards as of the end of 2009.

	Option Awards(2)				Stock Awards	
Name(1)	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested(4)**	**Market Value of Shares or Units of Stock That Have Not Vested(5)**
James Janik	429,946		$ 4.21	3/30/2014	41,871	$ 628,065
Robert McCormick	116,565		$ 4.21	9/4/2014		
Mark Adamson	47,500	71,250(3)	$ 4.21	8/27/2017		

(1) Mr. Hagelin does not own any stock options.

(2) These stock options were granted on the date ten years prior to the expiration date and become vested over a five-year period following the grant date with 20% of the shares underlying the option becoming vested on each anniversary of the grant date.

(3) These options vest in full upon a change of control (as defined in the option award agreement).

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(4) These deferred stock units vest upon the earlier to occur of a change of control or the later of the closing of a qualified initial public offering or the expiration of the lock-up agreement entered into in connection with the qualified initial public offering. This offering will constitute a qualified initial public offering.

(5) Based on a market value as of December 31, 2009 of $15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus.

Option Exercises and Stock Vested in Fiscal 2009

	Option Awards	
Name(1)	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**
James Janik	(2)	$ 650,413
Robert McCormick	(2)	$ 82,132

(1) Mr. Adamson did not exercise any options nor were any of his options repurchased, during 2009, and Mr. Hagelin does not own any options. None of the named executive officers hold any stock that vested during 2009.

(2) In January 2009, we repurchased 79,349 of Mr. Janik's vested options to acquire shares of our common stock and 10,023 of Mr. McCormick's vested options to acquire shares of our common stock at the aggregate purchase prices set forth in this table, which purchase prices equaled the aggregate fair market value of that number of shares of our common stock at the time of the repurchase less the aggregate exercise price of the repurchased options. See "Certain Relationships and Related Party Transactions Repurchase Agreements" and Note 16, Redeemable stock and stockholders' equity Common Stock Repurchase, in the notes to the consolidated financial statements contained elsewhere in this prospectus.

Pension Benefits

The following table sets forth each named executive officer's pension benefits as of the end of 2009.

Name	**Plan Name**	**Number of Years of Credited Service(1)**	**Present Value of Accumulated Benefit**	**Payments During Last Fiscal Year**
James Janik	Salaried Pension	16.3	$ 320,337	
Robert McCormick	Salaried Pension	4.3	$ 78,333	
Mark Adamson	Salaried Pension	1.4	$ 33,164	
Keith Hagelin	Salaried Pension	13.7	$ 169,512	

(1) The Salaried Pension Plan does not count the first year of employment as a year of credited service. In addition, the number of years of credited service includes service with Douglas Dynamics Incorporated, the entity that previously operated our business. The additional years of service so recognized are 11 years for Mr. Janik and 8 years for Mr. Hagelin.

We sponsor a defined benefit plan, the Douglas Dynamics, L.L.C. Salaried Pension Plan, in which our named executive officers participate. The accrued benefit under the plan is 1.67% of final average monthly compensation multiplied by years of service (capped at 30 years) less 1.67% of monthly social security benefit multiplied by years of service (capped at 30 years). "Final average monthly compensation" is calculated based on the highest five year consecutive total compensation during the last ten years of employment.

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Participants may receive their full benefit upon normal retirement at age 65 or a reduced benefit upon early retirement at age 55 with ten years of service. Reduced benefits are also available after termination with five years of service.

The amounts in the table above reflect the actuarial present value of the named executive officer's benefits under our defined benefit plan and are determined using the interest rate and other assumptions discussed in Note 12 in the notes to the consolidated financial statements for the year ended December 31, 2009 included elsewhere in this prospectus.

Non-Qualified Deferred Compensation

The following table sets forth information regarding contributions, earnings, withdrawals and balances with respect to the LTIP for the year ended 2009.

Name(1)	Executive Contributions in Last FY	Registrant Contributions in Last FY(2)	Aggregate Earnings in Last FY(2)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
Keith Hagelin		$ 7,823	$ 7,502		$ 202,863

(1)
Messrs. Janik, McCormick and Adamson do not participate in the LTIP.

(2)
Company contributions and aggregate earnings are also reflected in the "Summary Compensation Table."

All amounts allocated to Mr. Hagelin's account are vested except in the event of his voluntary separation or termination for cause. In this case, the last two years will not be considered vested and will be subtracted from his account balance. Vested portions will be paid out in lump sum upon death, long term disability or normal retirement. For all other separations, payouts will be made in five equal annual installments with interest accruing on the unpaid balance at the one year US Treasury rate effective at the beginning of the year, unless the account balance is less than$75,000, in which event it will be paid out in a lump sum. If the total in Mr. Hagelin's account reaches two times his base salary, one-fifth of the account balance will be paid out by February 15th of the following year. See " Long Term Incentive Compensation Long Term Incentive Plan" for additional information regarding the LTIP.

Potential Payments upon Termination or Change of Control

The information below describes certain compensation and benefits to which our named executive officers are entitled in the event their employment is terminated under certain circumstances and/or a change of control occurs. See the table at the end of this section for the amount of compensation and benefits that would have become payable under existing plans and contractual arrangements assuming a termination of employment and/or change of control had occurred on December 31, 2009 assuming a market value of our common stock on that date of $15.00, which is the mid-point of the range set forth on the cover page of this prospectus, given the named executive officers' compensation and service levels as of such date. There can be no assurance that an actual triggering event would produce the same or similar results as those estimated if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different. Unless otherwise noted specifically below, a change of control will not be triggered as a result of this offering.

Involuntary Termination Without Cause or Resignation Due to Material Breach

Messrs. Janik, McCormick and Adamson. We are parties to employment agreements with three of the named executive officers (Messrs. Janik, McCormick and Adamson), all of which were entered into prior to December 31, 2009. Under these employment agreements, if we terminate the executive's employment without Cause (as defined below), or if the executive were to terminate his employment due to a Material Breach (as defined below) by us, the executive would be entitled to receive severance benefits consisting of base salary continuation. Under such circumstances, Mr. Janik would be entitled to 24 months of his base salary, and each of Messrs. McCormick and Adamson would be entitled to 12 months of his base salary, in each case paid monthly. Any unvested stock options scheduled to vest at the next applicable vesting date would vest pro-rata according to the number of months the executive was employed during the relevant vesting period. We would also continue each executive's benefits for one year at the executive's election and cost. Additionally, Mr. Janik would also have been entitled to receive a pro-rated portion of his annual performance bonus for the year of termination. Severance payments would generally be subject to the executive's compliance with certain non-competition, non-solicitation and confidentiality covenants (described in more detail below) during the period severance payments are being made.

Under each employment agreement, "Cause" means the occurrence or existence of any of the following with respect to an executive, as determined in good faith by a majority of the disinterested members of our Board of Directors: (a) a material breach by the executive of any of his material obligations under the employment agreement which remains uncured after the lapse of 30 days following the date that we have given the executive written notice thereof; (b) a material breach by the executive of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with us or any of our respective affiliates which has not been approved by a majority of the disinterested members of our Board of Directors, if in any such case such material breach remains uncured after the lapse of 30 days following the date that we have given the executive written notice thereof; (c) the repeated material breach by the executive of any material duty referred to in clause (a) or (b) above as to which at least two (2) written notices have been given pursuant to such clause (a) or (b); (d) any act of misappropriation, embezzlement, intentional fraud or similar conduct involving us; (e) the conviction or the plea of *nolo contendere* or the equivalent in respect of a felony involving moral turpitude; (f) intentional infliction of any damage of a material nature to any of our property; or (g) the repeated non-prescription abuse of any controlled substance or the repeated abuse of alcohol or any other non-controlled substance which, in any case described in this clause, our Board of Directors reasonably determines renders the executive unfit to serve us as an officer or employee.

Under each employment agreement, the executive has the right to terminate his employment if (a) we fail to perform a material condition or covenant of the employment agreement that remains uncured after an applicable cure period or (b) we repeatedly fail to perform a material condition or covenant of the employment agreement as to which at least two written notices have been given by the executive (each of clause (a) and (b), a "Material Breach"). Additionally, under Mr. Janik's employment agreement, Material Breach also includes the relocation of his principal place of performance to outside the Milwaukee, Wisconsin metropolitan area without his prior written consent.

Each of the employment agreements contains a non-competition provision that prevents the executive officer from working for or investing in our competitors and a non-solicit provision that prevents the executive officer from soliciting our employees, in each case for three years after termination of employment, and a perpetual nondisclosure provision.

Mr. Hagelin. Mr. Hagelin is not a party to an employment agreement. Accordingly, if he were to be terminated without cause, he would be entitled to participate in our general severance plan, which provides for one week of severance per year of service. Additionally, as a participant in the LTIP, he

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would remain 100% vested in his account balance (rather than forfeit the last two years of contributions in the event of termination with cause or voluntary resignation).

Termination due to Death, Disability or Retirement

Messrs. Janik, McCormick and Adamson. Under the employment agreements, if the executive's employment terminates due to death, Disability (as defined below) or retirement, the executive would generally not be entitled to severance benefits except as follows. In the event of an executive's death, we would be obligated to continue coverage of such executive's dependents (if any) under all benefit plans and programs for a period of six months at no charge to the dependants. Additionally, under the AIP, in the event of termination due to death or Disability and, in the case of Mr. Janik, his retirement, each executive (or his beneficiaries) would be entitled to receive a pro-rated portion of his annual performance bonus for the year of termination.

Under the employment agreements, "Disability" means a disability that renders the executive unable to perform the essential functions of his position, even with reasonable accommodation, for a period of 60 consecutive days or for 90 days within any 180 day period.

Mr. Hagelin. Mr. Hagelin is not a party to an employment agreement. Accordingly, if his employment were terminated due to death, disability or retirement, he would not be entitled to any severance benefits. As a participant in the LTIP, he would remain 100% vested in his account balance and would receive a lump sum distribution. Additionally, under the AIP, he (or his beneficiaries) would be entitled to receive a pro-rated portion of his annual performance bonus.

Treatment of Vested Stock Options

Under the terms of each employment agreement and option award agreement with Messrs. Janik, McCormick and Adamson, in the event an executive's employment with us terminates for any reason, other than for Cause, he would be entitled to exercise all vested stock options held by him for a period of 180 days after the termination date, except that if Mr. Janik's employment is terminated without Cause, or due to his death, Disability or retirement, or he resigns due to a Material Breach, he has a period of 24 months to exercise all vested stock options held by him.

Change of Control

Messrs. Janik, McCormick and Adamson. Under the terms of each employment agreement and option award agreement with Messrs. Janik, McCormick and Adamson, in the event of a change of control (as defined below), all unvested options held by the executive accelerate and become fully vested. For purposes of the employment agreements and option award agreements, "change of control" means any time, (i) the Aurora Entities, Ares and their respective affiliates shall cease to collectively beneficially own and control at least 51%, on a fully diluted basis, of our outstanding capital stock entitled (without regard to the occurrence of any contingency) to vote for the election of members of our Board of Directors (or similar governing body), unless the Aurora Entities, Ares and their respective affiliates collectively beneficially own and control (a) at least 35%, on a fully diluted basis, of our outstanding capital stock entitled (without regard to the occurrence of any contingency) to vote for the election of members of our Board of Directors (or similar governing body) and (b) on a fully diluted basis, more of our outstanding capital stock entitled (without regard to the occurrence of any contingency) to vote for the election of members of our Board of Directors (or similar governing body) than any other person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act); (ii) any person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) other than Aurora, Ares and their respective affiliates collectively shall have obtained the power (whether or not exercised) to elect a majority of our members of our Board of Directors (or similar governing body); (iii) Douglas Holdings shall cease to beneficially own and control 100% on a fully

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diluted basis of the economic and voting interests in the limited liability company interests of Douglas Dynamics, L.L.C.; or (iv) the majority of the seats (other than vacant seats) on our Board of Directors (or similar governing body) cease to be occupied by persons who either (a) were members of our Board of Directors on April 12, 2004 or (b) were nominated for election by our Board of Directors, a majority of whom were directors on April 12, 2004 or whose election or nomination for election was previously approved by a majority of such directors.

All Named Executive Officers. In accordance with the LBP, in the event of a change of control (as defined below), a bonus pool of $1 million is to be allocated and distributed to eligible employees (including the named executive officers) in the manner determined by our Board of Directors in its sole discretion. Because the allocation of the bonus pool established by the LBP is not known until a change of control is consummated, it is not known how much each named executive officer would have been entitled to receive if a change of control had occurred on December 31, 2009. Because a change of control will occur as a result of this offering, our Board of Directors has determined to allocate and distribute the bonus pool as follows: $434,000 to Mr. Janik, $255,000 to Mr. McCormick, $50,000 to Mr. Adamson and $50,000 to Mr. Hagelin. The remainder will be allocated to our non-executive employees.

For purposes of the LBP, a "change of control" means any time the Aurora Entities, Ares and their respective affiliates shall cease collectively to have the power to vote or direct the voting of the securities having a majority of the ordinary voting power for the election of our directors unless (i) the Aurora Entities, Ares and their respective affiliates collectively own, beneficially and of record, at least 35% of our common stock (on a fully diluted basis), (ii) the Aurora Entities, Ares and their respective affiliates collectively own, beneficially and of record, an amount of our common stock equal to at least 51% (on a fully diluted basis) of our common stock collectively owned by the Aurora Entities, Ares and their respective affiliates, beneficially and of record, as of the effective date of the LBP, (iii) the Aurora Entities, Ares and their respective affiliates collectively have the power (pursuant to stockholder agreements, proxies or other contractual arrangements) to elect a majority of our Board of Directors and (iv) no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), has become, or has obtained the rights (whether by means of warrants, options or otherwise) to become, the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more of our outstanding common stock than so held collectively by the Aurora Entities, Ares and their respective affiliates. The number of shares that would satisfy the condition in clause (ii) above is 6,130,350 shares of our common stock. As a result of this offering, a change of control will occur under the LBP.

Mr. Janik's Deferred Stock Units. Prior to the implementation of the 2004 Stock Plan, Mr. Janik participated in the LTIP. Concurrent with the implementation of the 2004 Stock Plan, Mr. Janik's LTIP balance was converted into 41,871 deferred stock units, each of which currently represents the right to receive one share of our common stock, pursuant to the terms of the deferred stock unit agreement between Mr. Janik and us. In the event of a change of control (as defined in the same manner as in the option award agreements) or, if earlier, the later of the closing of a qualified initial public offering and the expiration of the lock-up agreement entered into in connection with the qualified initial public offering, we will be obligated to issue to Mr. Janik one share of our common stock for each of his deferred stock units and the deferred stock units will be cancelled. This offering will constitute a qualified initial public offering.

The table below sets forth the estimated value of the potential payments to each of the named executive officers, assuming the executive's employment had terminated on December 31, 2009 and/or that a change of control had occurred on that date. These figures are based on the employment agreements in effect on December 31, 2009. The table excludes payouts that would have been made under the LBP since such payouts would only be known had a change of control occurred on December 31, 2009.

Name	Termination without cause or resignation for material breach	Termination due to death	Termination due to disability	Termination due to retirement	Change of control
James Janik					
Severance	$ 726,532				
Dependent COBRA Coverage		$ 480			
AIP Bonus	$ 166,285	$ 166,285	$ 166,285	$ 166,285	
Deferred Stock Units(5)					$ 628,069
Robert McCormick					
Severance	$ 255,606				
Dependent COBRA Coverage		$ 480			
AIP Bonus		$ 114,333	$ 114,333		
Mark Adamson					
Severance	$ 224,198				
Dependent COBRA Coverage		$ 480			
AIP Bonus		$ 100,109	$ 100,109		
Option Acceleration(1)(5)	$ 106,861				$ 768,788
Keith Hagelin					
Severance(2)	$ 41,636				
Dependent COBRA Coverage(3)		$ 401			
AIP Bonus		$ 69,682	$ 69,682		
LTIP	$ 202,863(4)	$ 202,863	$ 202,863	$ 202,863	

(1) Accelerated vesting of stock options is based on the difference between the estimated fair value of our common stock on December 31, 2009 and the exercise price.

(2) Mr. Hagelin is not a party to an employment agreement; his severance amount is based on our policy of providing one week of salary for each year of service.

(3) Mr. Hagelin is not a party to an employment agreement, but our policy would be to provide his dependents with 6 months COBRA coverage consistent with the other named executive officers.

(4) Reflects amount to be paid to Mr. Hagelin in the event he was terminated without cause. In the event he resigned voluntarily or was terminated with cause, he would have forfeited $40,469 (the amount allocated to his LTIP account balance during 2008 and 2009).

(5) Based on a market value as of December 31, 2009 of $15.00 per share, which is the mid-point of the range set forth on the cover page of this prospectus.

Stock Incentive Plans

2010 Stock Incentive Plan

In connection with this offering we expect to adopt a new 2010 Stock Incentive Plan, which we refer to as the 2010 Stock Plan. The following is a summary of the material terms of the 2010 Stock Plan. This description is not complete. For more information, we refer you to the full text of the 2010 Stock Plan, which will be filed as an exhibit to the registration statement of which this prospectus forms a part.

The 2010 Stock Plan will authorize the grant of "non-qualified" stock options, incentive stock options, stock appreciation rights, or SARs, restricted stock, restricted stock units, or RSU, and incentive bonuses to employees, officers, non-employee directors and other service providers to us and our subsidiaries. The number of shares of common stock issuable pursuant to all awards granted under the 2010 Stock Plan will not exceed 1,980,000 shares of our common stock. The number of shares issued or reserved pursuant to the 2010 Stock Plan (or pursuant to outstanding awards) is subject to (i) adjustment as a result of dividends, distributions, stock splits or combinations or consolidations of outstanding shares, and (ii) equitable adjustment as a result of recapitalizations, reorganizations, split-up, spin-off, combination, repurchase or exchange of shares, mergers, consolidations, reorganizations or other transactions in which our common stock is changed into or exchanged for a different class of securities, in each case so that no dilution or enlargement of the benefits intended to be made available under the 2010 Stock Plan occurs and without change in the aggregate purchase price for the shares then subject to each award. Shares subject to awards that have been terminated, expired unexercised, forfeited or otherwise not issued under an award and shares subject to awards settled in cash do no count as shares issued under the 2010 Stock Plan. In addition, (i) shares that were subject to a stock-settled SAR and were not issued upon the net settlement or net exercise of such SAR, (ii) shares used to pay the exercise price of a stock option, and (iii) shares delivered to or withheld by us to pay the withholding taxes related to an award do not count as shares issued under the 2010 Stock Plan.

Administration. The 2010 Stock Plan will be administered by the Administrator, which shall be the Compensation Committee. Any power of the Administrator may also be exercised by our Board of Directors, subject to certain exceptions. The Administrator will be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with such administration. As one of its principal powers, the Administrator will have the discretion to determine the individuals to whom awards may be granted under the 2010 Stock Plan, the amount and timing of such awards, the manner in which such awards will vest and the other conditions applicable to awards. In addition, among other things, the Administrator will be authorized to interpret the 2010 Stock Plan, to establish, amend and rescind any rules and regulations relating to the 2010 Stock Plan, to establish and verify the satisfaction of performance criteria applicable to any award, to determine the extent to which adjustments are required under the 2010 Stock Plan, to approve corrections in the documentation or administration of any award, to reduce the exercise price of any Options or SARs, or to exchange such awards, in each case subject to any necessary stockholder approval, to waive or amend the post-termination exercise period provisions applicable to any award and to make any other determinations that it deems necessary or desirable for the administration of the 2010 Stock Plan. The Administrator may also make exceptions to the 2010 Stock Plan and/or accelerate or waive vesting and exercisability conditions in the event it determines in good faith that it is necessary to do so in light of extraordinary circumstances. All decisions, determinations and interpretations by the Administrator, and any rules and regulations under the 2010 Stock Plan and the terms and conditions of or operation of any award, are final and binding on all participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the 2010 Stock Plan or any award.

Options. The Administrator will determine the exercise price, which will generally not be less than fair market value on the date of grant, and other terms for each option and whether the options are non-qualified stock options or incentive stock options. Incentive stock options may be granted only to employees and are subject to certain other restrictions. To the extent an option intended to be an incentive stock option does not so qualify, it will be treated as a non-qualified option. A participant may exercise an option by written notice and payment of the exercise price in shares, cash or a combination thereof, as determined by the Administrator, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares issuable under an option, the delivery of previously owned shares and withholding of shares deliverable upon exercise.

Stock appreciation rights. The Administrator may grant SARs independent of or in connection with an option. The exercise price per share of a SAR will be an amount determined by the Administrator, which will generally not be less than the fair market value of the date of grant, and the

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Administrator will determine the other terms applicable to SARs. Generally, each SAR will entitle a participant upon exercise to an amount equal to:

- the excess of the fair market value on the exercise date of one share of common stock over the exercise price, multiplied by
- the number of shares of common stock covered by the SAR.

Payment will be made in common stock or in cash, or partly in common stock and partly in cash, as determined by the Administrator.

Restricted stock and restricted stock units. The Administrator may award restricted common stock and RSUs. Restricted stock awards consist of shares of common stock that are transferred to the participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. RSUs result in the transfer of shares of cash or common stock to the participant only after specified conditions are satisfied. The Administrator will determine the restrictions and conditions applicable to each award of restricted stock or RSUs, which may include performance vesting conditions. Unless determined otherwise by the Administrator, each RSU will be equal to one share and will entitle a participant to either the issuance of shares or payment of an amount of cash determined with reference to the value of shares. To the extent determined by the Administrator, restricted stock and RSUs may be satisfied or settled in shares, cash or a combination thereof.

Unless otherwise determined by the Administrator, participants holding shares of restricted stock may exercise full voting rights with respect to those shares during the period of restriction. Participants will have no voting rights with respect to shares underlying RSUs unless and until such shares are reflected as issued and outstanding shares on the Company's stock ledger.

Participants holding shares of restricted stock will be entitled to receive all dividends and other distributions paid with respect to those shares, unless determined otherwise by the Administrator. Shares underlying RSUs will be entitled to dividends or dividend equivalents only to the extent provided by the Administrator.

Incentive bonuses. An incentive bonus is an opportunity for a participant to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period set by the Administrator. Payment of the amount due under an incentive bonus may be made in cash or in shares, as determined by the Administrator.

Performance criteria. Vesting of awards granted under the 2010 Stock Plan may be subject to the satisfaction of one or more performance goals established by the Administrator. The performance goals may vary from participant to participant, group to group, and period to period.

Transferability. Unless otherwise determined by the Administrator, awards granted under the 2010 Stock Plan will not be transferable other than by will or by the laws of descent and distribution.

Change of control. The Administrator may provide, either at the time an award is granted or thereafter, that a change of control (as defined in the 2010 Stock Plan) that occurs after the offering shall have such effect as specified by the Administrator, or no effect, as the Administrator in its sole discretion may provide.

Suspension or termination of awards. Except as otherwise provided by the Administrator, if an authorized officer of the Company reasonably believes that a participant may have committed any act constituting Cause for termination of employment, or a violation of any non-competition covenant, the authorized officer, Administrator or the Board may suspend the participant's rights to exercise any option, to vest in an award, and/or to receive payment for or receive shares in settlement of an award pending a determination of whether such an act has been committed.

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Amendment and termination. Awards will be granted under the 2010 Stock Plan only during the ten years following the effective date of the 2010 Stock Plan. Our Board of Directors will have the authority to amend, alter or discontinue the 2010 Stock Plan in any respect at any time, but no amendment may diminish any of the rights of a participant under any awards previously granted, without his or her consent. In addition, stockholder approval will be required for any amendment that would increase the maximum number of shares available for awards, reduce the price at which options may be granted, change the class of eligible participants, or otherwise when stockholder approval is required by law or under stock exchange listing requirements.

2004 Stock Incentive Plan

Our Board of Directors adopted, and our stockholders subsequently approved, the Douglas Dynamics, Inc. 2004 Stock Incentive Plan, which we refer to as the 2004 Stock Plan. An aggregate of 1,623,194 shares of our common stock may be issued pursuant to awards granted under the 2004 Stock Plan. Following the adoption of the 2010 Stock Plan, we will not issue any further awards under the 2004 Stock Plan.

The 2004 Stock Plan provides for the grant to our executives, directors, consultants, advisors and key employees and employees of Aurora Capital Group and Ares of equity awards. Awards are not restricted to any specified form or structure and may include, without limitation, sales or bonuses of common stock, restricted stock, stock options, reload stock options, stock purchase warrants, other rights to acquire common stock, securities convertible into or redeemable for common stock, stock appreciation rights, phantom stock, dividend equivalents, performance units or performance shares. As of December 31, 2009, options to purchase an aggregate of 819,185 shares of our common stock were outstanding under the 2004 Stock Plan with a weighted average exercise price per share of $4.21. No awards other than stock options have been granted under the terms of the 2004 Stock Plan, and we have no current intentions to issue any additional awards (in the form of stock options or otherwise) under the 2004 Stock Plan.

The 2004 Stock Plan is administered by the Compensation Committee. Options granted under the 2004 Stock Plan are evidenced by stock option agreements containing such provisions as the Compensation Committee deems advisable. All options granted under the 2004 Stock Plan expire not more than 10 years after the date of grant and have an exercise price that is determined by the Compensation Committee, but in no event is less than the fair market value of our common stock on the date of grant. Options issued under the 2004 Stock Plan generally vest ratably over five years (20% on the first, second, third, fourth and fifth anniversaries of the grant date), provided that the participant is then employed by us, but may be subject to certain acceleration provisions, including full acceleration in connection with a change of control. Full payment for shares of common stock purchased on the exercise of an option must be made at the time of such exercise in a manner approved by the Compensation Committee.

If a participant is our employee or consultant and the participant's service is terminated for any reason within two years of commencement of employment or consultancy, as applicable, we may, but are not obligated to, purchase any of the shares of common stock issued under the 2004 Stock Plan then owned by the participant within 60 days after the termination of service. Shares of our common stock acquired under the 2004 Stock Plan may not be transferred by the participant other than pursuant to the laws of descent and distribution or to certain family members or trusts established solely for the benefit thereof, and are generally subject to a right of first refusal in favor of us. These repurchase rights, transfer restrictions and right of first refusal will terminate upon the consummation of this offering.

Our Board of Directors may amend or terminate the 2004 Stock Plan at any time, subject to certain restrictions. Outstanding awards may be amended, however, only with the consent of the holder.

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Prior to the consummation of this offering, the 2004 Stock Plan and certain outstanding award agreements will be amended and restated to, among other things, eliminate the ability of the holder to use a promissory note to pay any portion of the exercise price of the options. The amendment and restatement of the 2004 Stock Plan will also provide that any power of the Compensation Committee may also be exercised by our Board of Directors, subject to certain exceptions.

Restricted Stock Grants

Immediately prior to the effectiveness of this registration statement, we plan to grant an aggregate of 239,252 shares of restricted stock under the 2010 Stock Plan to certain of our employees, based on 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. Of this amount, Messrs. Janik, McCormick, Adamson and Hagelin will receive 122,018, 62,205, 2,392 and 22,728 shares, respectively, and certain other non-officer employees will receive an aggregate of 29,909 shares. Based on an assumed initial public offering price of $16.00 per share, which is the high point of the range set forth on the cover page of this prospectus, we plan to grant an aggregate of 245,088 shares of restricted stock, and based on an assumed initial public offering price of $14.00 per share, which is the low point of the range set forth on the cover page of this prospectus, we plan to grant an aggregate of 232,583 shares of restricted stock, in each case to the same people and in the same proportions described above.

These shares of restricted stock will vest in five equal annual installments commencing on the date of grant, and will be subject to the other terms and conditions of the 2010 Stock Plan. The shares of restricted stock will be accounted for under FASB ASC Topic 718, resulting in share-based compensation expense equal to the grant date fair value of the underlying restricted stock, which will be recognized over the five year vesting schedule. The value of each share of the underlying restricted stock will be the initial public offering price of our common stock as the restricted stock will be issued immediately prior to the pricing of our common stock sold in this offering.

Compensation of Directors

Only two of our directors, Messrs. Peiffer and Wickham, have received any compensation in connection with their service on our Board of Directors. Each was granted options to purchase 48,973 shares of our common stock under our 2004 Stock Plan in 2005 at an exercise price of $4.21, all of which remain outstanding and exercisable as of December 31, 2009. Although Messrs. Marino, Rahemtulla, Rosenbaum and Serota do not receive any compensation from us in connection with their service on our Board of Directors, see "Certain Relationships and Related Party Transactions Management Services Agreement" below for a discussion of certain management fees we pay to entities affiliated with Aurora Capital and Ares for services provided to us under our Management Services Agreement. During 2009, none of our directors received any compensation.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table and accompanying footnotes provide information regarding the beneficial ownership of our common stock and voting preferred stock as of April 16, 2010 with respect to:

- each person or group who beneficially owns 5% or more of the outstanding shares of our common stock;
- each member of our Board of Directors and each named executive officer (as listed in the Summary Compensation Table);
- all members of our Board of Directors and executive officers as a group; and
- the selling stockholders.

Beneficial ownership, which is determined in accordance with the rules and regulations of the SEC, means the sole or shared power to vote or direct the voting or dispose or direct the disposition of our common stock. The number of shares of our common stock beneficially owned by a person includes shares of common stock issuable with respect to options or similar convertible securities held by that person that are exercisable or convertible within 60 days.

The number of shares and percentage beneficial ownership of common stock before this offering set forth below is based on 14,421,729 shares of our common stock issued and outstanding as of April 16, 2010 and after giving effect to the 23.75-for-one stock split of our common stock that will occur prior to the consummation of this offering. The number of shares and percentage beneficial ownership of common stock after the consummation of this offering is based on (a) 19,769,539 shares (which includes the 239,252 shares of restricted stock to be granted immediately prior to effectiveness of the registration statement, based on an assumed 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) of our common stock to be issued and outstanding immediately after consummation of this offering, assuming the underwriters do not exercise their over-allotment option and (b) 19,827,998 shares (which includes the 239,252 shares of restricted stock to be granted immediately prior to effectiveness of the registration statement, based on an assumed 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) of our common stock to be issued and outstanding immediately after consummation of this offering, assuming the underwriters fully exercise their over-allotment option.

Unless otherwise indicated below, the address of each beneficial owner listed in the table is c/o Douglas Dynamics, Inc., 7777 N. 73rd Street, Milwaukee, WI 53223.

Each of the selling stockholders, other than our former managers and those who will be acquiring shares pursuant to the exercise of outstanding stock options immediately prior to the consummation of this offering, acquired their respective shares of our common stock from the Aurora Entities in 2004 following the Acquisition at a price of $4.21 per share. Our former managers acquired their shares of common stock upon exercise of stock options, granted in 2004, at an exercise price of $4.21 per share, from 2006 to 2007. Other than Messrs. Janik, McCormick and Adamson, our selling stockholders who hold stock options were granted those options in 2005. Messrs. Janik and McCormick were granted their stock options in 2004 and Mr. Adamson was granted his stock options in 2007. Each of our outstanding stock options bear an exercise price of $4.21 per share.

The Company does not know of any arrangements, the operation of which may at a subsequent date result in a change of control, other than this offering, which will constitute a change of control under our Liquidity Bonus Plan (see "Executive Compensation Severance and Change of Control Arrangements").

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Except as otherwise indicated in the footnotes to the table, shares are owned directly or indirectly with sole voting and investment power, subject to applicable community property laws.

	Number of Shares of Common Stock Beneficially Owned Prior to this Offering*		Number of Shares of Common Stock Offered		Number of Shares of Common Stock Beneficially Owned Immediately After Consummation of this Offering: Assuming the Underwriters' Over-Allotment Option is Not Exercised		Assuming the Underwriters' Over-Allotment Option is Exercised in Full	
Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percentage of Class	Assuming the Underwriters' Over-Allotment Option is Not Exercised	Assuming the Underwriters' Over-Allotment Option is Exercised in Full	Number of Shares of Common Stock	Percentage of Class	Number of Shares of Common Stock	Percentage of Class
5% Stockholders								
Aurora Entities	10,399,305(1)(2)	68.65%	2,395,108(33)	3,100,961(33)	6,821,495(36)(37)	33.75%	5,771,271(36)(37)	28.58%
Ares Corporate Opportunities Fund, L.P. and Affiliates(3)	4,770,353(4)	33.03%	1,601,660	2,073,682	3,166,773(38)	16.01%	2,694,185(38)	13.58%
General Electric Pension Trust(5)	2,196,875	15.23%	738,492	956,131	1,458,383	7.38%	1,240,744	6.26%
Directors and Named Executive Officers								
James L. Janik	429,946(6)(7)	2.89%	118,034	152,820	265,850(7)(39)	1.33%	217,489(7)(39)	1.08%
Robert L. McCormick	116,565(7)(8)	**	28,185	36,492	77,380(7)(40)	**	65,832(7)(40)	**
Mark Adamson	47,500(7)(9)	**	28,713	34,166	7,581(7)(41)	**	(41)	
Keith Hagelin					(42)	**	(42)	
Jack O. Peiffer	48,972(7)(10)	**	11,841	15,331	32,510(7)(43)	**	27,658(7)(43)	**
Michael W. Wickham	48,972(7)(11)	**	11,841	15,331	32,510(7)(44)	**	27,658(7)(44)	**
Mark Rosenbaum(12)								
Michael Marino(12)								
Nav Rahemtulla(13)								
Jeffrey Serota(13)								
All directors and executive officers as a group (10 persons)	691,955(7)(14)	4.58%	198,614	254,120	415,831(7)(45)	2.06%	338,637(7)(45)	1.68%
Other Selling Stockholders								
Richard K. Roeder(15)	11,874(7)(16)	**	3,992	5,168	7,882(7)(46)	**	6,706(7)(46)	**
Richard R. Crowell(17)	17,812(7)	**	5,988	7,753	11,824(7)	**	10,059(7)	**
Gerald L. Parsky(18)	10,399,305(7)(19)	68.65%	9,979(34)	12,921(34)	6,821,495(7)(47)	33.75%	5,771,271(7)(47)	28.58%
John T. Mapes(20)	10,399,305(7)(21)	68.65%	3,992(35)	5,168(35)	6,821,495(7)(48)	33.75%	5,771,271(7)(48)	28.58%
Robert Anderson, Jr.	5,936(7)(22)	**	1,716	2,220	3,940(7)(49)	**	3,354(7)(49)	**
James Hodgson	7,124(7)(23)	**	1,834	2,375	4,730(7)(50)	**	4,024(7)(50)	**
Dale Frey(24)	5,937(7)(25)	**	1,435	1,859	3,942(7)(51)	**	3,353(7)(51)	**
Lawrence A. Bossidy(26)	23,749(7)(27)	**	7,423	9,612	15,766(7)(52)	**	13,412(7)(52)	**
Douglas Dynamics Equity Partners L.P.(28)	34,675(7)	**	11,656	15,091	23,019(7)	**	19,584(7)	**
James R. Roethle(29)	71,630(7)	**	35,559	46,039	36,071(7)	**	25,591(7)	**
Flemming H. Smitsdorff(30)	58,068(7)	**	29,125	37,708	28,943(7)	**	20,360(7)	**
Raymond S. Littlefield(31)	38,712(7)	**	25,883	33,511	12,829(7)	**	5,201(7)	**
Ralph R. Gould(32)	38,712(7)	**	23,552	30,493	15,160(7)	**	8,219(7)	**
Dale F. Frey Family Limited Partnership	11,875(7)	**	3,992	5,168	7,883(7)	**	6,707(7)	**

* In addition to the number of shares of common stock reflected as beneficially owned in the table above, Aurora Equity Partners II L.P. holds the sole issued and outstanding share of our Series B preferred stock, $.01 par value per share, and Ares holds the sole issued and outstanding share of our Series C preferred stock, $.01 par value per share. Such shares of Series B preferred stock and Series C preferred stock will be redeemed immediately prior to consummation of this offering.

** Denotes ownership of less than 1%.

(1) Includes an aggregate of 7,124,999 shares of common stock held of record by the Aurora Entities (of which 7,031,662 are held of record by Aurora Equity Partners II L.P. and 93,337 are held of record by Aurora Overseas Equity Partners II, L.P.) and 3,274,306 Aurora Voting Shares. The 3,274,306 "Aurora Voting Shares" consist of (i) 1,077,431 shares held of record by certain securityholders (other than General Electric Pension

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Trust, which we refer to as GEPT, and Ares) who have granted an irrevocable proxy to the Aurora Entities to vote all of their shares as the Aurora Entities shall determine (includes currently exercisable options to purchase 727,576 shares of common stock held by certain advisors and former advisors to Aurora Capital Group, Messrs. Wickham and Peiffer and members of management of Douglas Dynamics (see footnote (2)), and (ii) 2,196,875 shares held of record held by GEPT, which generally has agreed to vote all of its shares of stock in the same manner as the Aurora Entities vote their shares. The proxy and voting agreement are described more completely under "Certain Relationships and Related Party Transactions Securityholders Agreement."

Each of the Aurora Entities is controlled by Aurora Advisors II LLC, a Delaware limited liability company, which we refer to in this prospectus as AAII. Messrs. Gerald L. Parsky and John T. Mapes, both of whom are Managing Directors of Aurora Capital Group, jointly control AAII and thus may be deemed to share beneficial ownership of the securities beneficially owned by the Aurora Entities, though the foregoing statement shall not be deemed an admission of their beneficial ownership of such securities. The address of each of the Aurora Entities and of Messrs. Parsky and Mapes is c/o Aurora Capital Group, 10877 Wilshire Boulevard, Suite 2100, Los Angeles, CA 90024.

(2) Includes currently exercisable options to purchase 727,576 shares of common stock. Such options are held by certain advisors and former advisors to Aurora Capital Group, as well as certain members of management of Douglas Dynamics and Messrs. Wickham and Peiffer. The shares issuable upon exercise of these options are subject to the proxies granted to the Aurora Entities described in footnote (1).

(3) Ares is indirectly controlled by Ares Partners Management Company LLC ("APMC"). APMC is managed by an executive committee comprised of Messrs. Michael Arougheti, David Kaplan, Gregory Margolies, Antony Ressler and Bennett Rosenthal. Each of the members of the executive committee expressly disclaims beneficial ownership of the shares of common stock of the Company held by Ares. The address of each of Ares Corporate Opportunities Fund, L.P. and APMC is 2000 Avenue of the Stars, Suite 1200, Los Angeles, California 90067.

(4) Consists of (i) 4,750,000 shares of common stock held of record by Ares and (ii) currently exercisable options to purchase 20,353 shares of common stock held by Ares.

(5) GEPT is an employee benefit plan trust for the benefit of the employees and retirees of General Electric Company and its subsidiaries. GE Asset Management Incorporated is a registered investment adviser and acts as Investment Manager for GEPT. GE Asset Management Incorporated may be deemed to beneficially share ownership of the shares owned by GEPT, but has no pecuniary interest in such shares. GE Asset Management Incorporated has delegated responsibility for exercising voting and dispositive power over the shares of our common stock held by GEPT to three of its officers: Donald W. Torey, President and Chief Investment Officer Alternative Investments; Patrick J. McNeela, Chief Investment Officer and Senior Managing Director U.S. Private Equities; and B.C. Sophia Wong, Vice President and Managing Director Private Equities. These three officers act on a consensus basis in determining how and when to exercise voting and dispositive power with respect to these shares of common stock. Any such exercise requires the consent of at least two of these three persons. GE, Messrs. Torey and McNeela and Ms. Wong expressly disclaim beneficial ownership of all shares owned by GEPT. The address of GEPT is 3001 Summer Street, Stamford, Connecticut 06905. As discussed in footnote (1), pursuant to the Securityholders Agreement, with certain limited exceptions, GEPT has agreed to vote its shares of common stock in the same manner as the Aurora Entities. As a result of the Securityholders Agreement, GEPT may be deemed to be part of a group with the Aurora Entities.

(6) Consists of currently exercisable options to purchase 429,946 shares of common stock. Excludes 41,871.25 deferred stock units which are not convertible into shares of common stock within 60 days of April 16, 2010; however, such deferred stock units will automatically convert into an equivalent number of shares of common stock and become Aurora Voting Shares upon expiration of the lock-up agreement to be entered into by Mr. Janik in connection with this offering.

(7) Constitutes Aurora Voting Shares.

(8) Consists of currently exercisable options to purchase 116,565 shares of common stock.

(9) Consists of currently exercisable options to purchase 47,500 shares of common stock.

(10) Consists of currently exercisable options to purchase 48,972 shares of common stock.

(11) Consists of currently exercisable options to purchase 48,972 shares of common stock.

(12) Associated with the Aurora Entities. Neither Mr. Marino nor Mr. Rosenbaum have beneficial ownership of the shares of common stock owned by the Aurora Entities.

(13)

Associated with Ares. Amounts reported do not include shares held by Ares described elsewhere in this table. Both Messrs. Serota and Rahemtulla expressly disclaim beneficial ownership of the shares of common stock owned by Ares.

(14) Consists of currently exercisable options to purchase 691,955 shares of common stock.

(15) Mr. Roeder is a former affiliate of the Aurora Entities, and previously served as a Managing Director of Aurora Capital Group.

(16) Consists of 7,362 shares of common stock owned directly and 4,512 shares of common stock held in an investment retirement account for Mr. Roeder.

(17) Mr. Crowell is a former affiliate of the Aurora Entities, and previously served as a Managing Director of Aurora Capital Group.

(18) As disclosed in footnote (1), Mr. Parsky is a controlling person of the Aurora Entities and thus may be deemed to share beneficial ownership of the shares of common stock beneficially owned by the Aurora Entities. The foregoing statement, however, shall not be deemed an admission of beneficial ownership of such securities by Mr. Parsky.

(19) Includes 29,687 shares of common stock held by an investment retirement account for Mr. Parsky.

(20) As disclosed in footnote (1), Mr. Mapes is a controlling person of the Aurora Entities and thus may be deemed to share beneficial ownership of the shares of common stock beneficially owned by the Aurora Entities. The foregoing statement, however, shall not be deemed an admission of beneficial ownership of such securities by Mr. Mapes.

(21) Includes 11,875 shares of common stock held by an investment retirement account for Mr. Mapes.

(22) Consists of 2,968 shares of common stock and currently exercisable options to purchase 2,968 shares of common stock held in certain trusts for which Mr. Anderson serves as trustee.

(23) Consists of options currently exercisable to purchase 5,937 shares of common stock owned directly by Mr. Hodgson and 1,187 shares of common stock held by the James D. and Maria D. Hodgson Inter Vivos Personal Trust of which Mr. Hodgson, as co-trustee, shares voting and investment power.

(24) Mr. Frey is an advisor to Aurora Capital Group, an affiliate of the Aurora Entities.

(25) Consists of options currently exercisable to purchase 5,937 shares of common stock. Excludes 11,875 shares of common stock held by the Dale F. Frey Family Limited Partnership of which Mr. Frey is a limited partner.

(26) Mr. Bossidy is an advisor to Aurora Capital Group, an affiliate of the Aurora Entities.

(27) Includes options currently exercisable to purchase 5,937 shares of common stock.

(28) The general partner of Douglas Dynamics Equity Partners L.P. is AAII, which is an affiliate of the Aurora Entities.

(29) Mr. Roethle previously served as Senior Vice President of Operations of the Company from 2004 to 2007. Excludes 34,152.5 deferred stock units which are not convertible into shares of common stock within 60 days of April 16, 2010; however, such deferred stock units will automatically convert into an equivalent number of shares of common stock and become Aurora Voting Shares upon expiration of the lock-up agreement to be entered into by Mr. Roethle in connection with this offering.

(30) Mr. Smitsdorff previously served as Vice Present Sales and Marketing of the Company from 2000 to 2007. Excludes 28,571.25 deferred stock units which are not convertible into shares of common stock within 60 days of April 16, 2010; however, such deferred stock units will automatically convert into an equivalent number of shares of common stock and become Aurora Voting Shares upon expiration of the lock-up agreement to be entered into by Mr. Smitsdorff in connection with this offering.

(31) Mr. Littlefield previously served as Vice President of Engineering from 1997 to 2006 and Senior Site Manager, Rockland, of the Company from 1989 to 2006. Excludes 38,285 deferred stock units which are not convertible into shares of common stock within 60 days of April 16, 2010; however, such deferred stock units will automatically convert into an equivalent number of shares of common stock and become Aurora Voting Shares upon expiration of the lock-up agreement to be entered into by Mr. Littlefield in connection with this offering.

(32) Mr. Gould previously served as Vice President of Manufacturing from 1996 to 2006 and Senior Site Manager, Milwaukee of the Company from 2000 to 2006. Excludes 31,350 deferred stock units which are not convertible into shares of common stock within 60 days of April 16, 2010; however, such deferred stock units will automatically convert into an equivalent number of shares of common stock and become Aurora Voting Shares upon expiration of the lock-up agreement to be entered into by Mr. Gould in connection with this offering.

(33) Assuming the underwriters' over-allotment option is not exercised, includes 2,395,108 shares of common stock being offered by the Aurora Entities (of which 2,363,732 are being offered by Aurora Equity Partners II L.P. and 31,376 are being offered by Aurora Overseas Equity Partners II, L.P.). Assuming the underwriters' over-allotment option is exercised in full, includes 3,100,961 shares of common stock being offered by the Aurora Entities (of which 3,060,338 are being offered by Aurora Equity Partners II L.P. and 40,623 are being offered by Aurora Overseas Equity Partners II, L.P.).

(34) Represents shares of common stock being offered by an investment retirement account for Mr. Parsky.

(35) Represents shares of common stock being offered by an investment retirement account for Mr. Mapes.

(36) Assuming the underwri