

Letter from
the Chairman
and CEO

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THE CASCADE ENGINEERING 2004 TRIPLE BOTTOM LINE

report

Financial | Social | Environmental

OUR VISION

- Solutions for each of our customers: Excellence in our work

OUR MISSION

- Unmatched products and service
- Innovation in our solutions, processes and relationships
- Operational excellence
- Learning from one another
- Creating a sustainable company that serves as a benchmark in business and in the community

ABOUT CASCADE IN GRAND RAPIDS

- Privately owned
- Seven plants; eleven facilities
- 694 employees

MARKETS

- Automotive
- Industrial
- Solid waste
- Materials

PURPOSE AND SCOPE OF REPORT

Last year, Cascade Engineering published its first Triple Bottom Line Report, reflecting our strategy to become a sustainable enterprise, with specific financial, social and environmental goals.

Our purpose in publishing this year's report is the same as last year's: to create 1) a higher level of organizational accountability and transparency; 2) a balanced approach to continuous improvement; and 3) a learning tool—for us and for other medium-sized companies.

Because last year's report was the first one for Cascade Engineering, we asked our stakeholders for their feedback. Based on this stakeholder engagement process, we have attempted to improve the 2004 report in four areas.

First, after soliciting comments from our employees in general and from participants at the company's annual Safety, Security and Environmental Services Conference, two common themes emerged: providing more in-depth reporting of environmental programs, which begins on page 7, and continuing to highlight the human dimension of social capital by presenting vignettes of employees affected by the company's community involvement, which we have done on page 5.

Second, Charles Bennett, Senior Research Associate at The Conference Board's Global

Corporate Citizenship Research Group, suggested that we devise a sustainability scorecard that combines financial, social and environmental measurements. This new scorecard can be found on page 11.

Third, Cascade was invited to participate in the Working Group on Global Corporate Citizenship and Risk Assessment sponsored by The Conference Board and Future 500. The group was facilitated by David J. Vidal, Research Director, Global Corporate Citizenship at the Board, as well as President and CEO William Shireman and Vice President of Corporate Accountability Practice (CAP) Services Aileen Ichikawa from Future 500. Through this group, Cascade was able to assess the state of its sustainability practices by benchmarking itself against an audit tool developed by Future 500. The audit yielded valuable information about Cascade's practices and identified specific gaps in the company's performance, two of which are discussed on page 10.

Lastly, James Murphy, Associate Director of the Global Reporting Initiative (GRI), provided us with *High 5!*, a GRI handbook for small and medium-sized enterprises interested in sustainability reporting. The handbook, particularly its discussion of stakeholder involvement and performance metrics, has been applied to the production of this year's report.



CASCADE
engineering
shaping ideas in plastics™

DID YOU KNOW THAT CASCADE ENGINEERING...

- FACILITIES ARE REGISTERED TO THE TS-16949, ISO-9001:2000 OR QS-9000 QUALITY STANDARD?
- HAS A WHOLLY-OWNED SUBSIDIARY IN ORLANDO, FLORIDA CALLED INVISIBLE WASTE SERVICES®?
- HOSTED THE FIRST MEETING OF THE UNITED STATES DEPARTMENT OF COMMERCE MANUFACTURING COUNCIL IN JUNE 2004?
- CELEBRATED ITS 31ST ANNIVERSARY IN 2004?
- ADDED ARIEL APPRECIATION, AN ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE INVESTMENT FUND, TO THE COMPANY'S 401(K) PLAN?
- CREATED A NEW BRAND TAGLINE, "SHAPING IDEAS IN PLASTICS™"?



United States Department of Commerce Manufacturing Council meeting at Cascade Engineering. For more information about the council, please visit www.commerce.gov



LETTER FROM THE CHAIRMAN AND CEO



Cascade Engineering is committed to transforming sustainability from a "good idea" into a strategic advantage within our organization. Sustainability isn't about short-term fixes that focus on *not* failing or *not* being unprofitable;

it's about practices that can be sustained over an indefinite period of time – doing business in such a way that is conscious of resources, communities and how support systems can spell success for businesses, communities and individuals. Sustainability is the future, and becoming sustainable is the present focus of Cascade Engineering. Cascade has made some progress in the area of sustainability over the years, but we are really in the middle of the process of transforming ourselves into a company that utilizes sustainability as a strategic advantage.

Sustainability starts with an interesting idea, and in the process of pursuing that idea, a

whole new strategic way of doing business, and sometimes a whole new direction, is discovered. One such interesting idea is lowering the cost of resins by increasing alternative energy usage. Oil and natural gas are raw materials for our products, and we are competing with the use of these materials for energy consumption. Therefore, it is a strategic advantage for us to be interested in alternative energies; the more people use them, the less demand there is for oil and natural gas, resulting in reduced prices. This also contributes to our environmental bottom line.

We are using material science to develop resins to perform optimally; our nanocomposites have low weight, high moldability and are more recyclable. We are also currently developing a series of resins that have a high content of post-consumer and post-industrial recycled materials. These are not only good environmental decisions, but good strategic decisions, especially when the price of virgin resins is becoming astronomical.

- continued on page 12 -

PURPOSE AND SCOPE

continued...

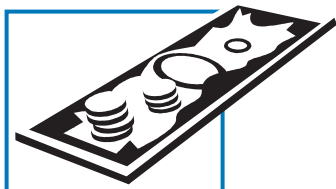
This report encompasses activities and accomplishments in 2004 for the Grand Rapids, Michigan campus of Cascade Engineering. The campus consists of three solutions groups, seven plants and four other facilities, including an engineering establishment called the Center For Innovation and our corporate headquarters called The Learning Community. The material in this report, depending on specific reporting requirements, is based upon either fiscal year-end (August, 2004) or calendar year-end data. Financial data is presented for the Cascade Family of Companies, which includes Cascade Engineering, two joint ventures in Michigan, one joint venture in Ohio and two wholly-owned subsidiaries in Florida and Hungary. The financial data has been audited by BDO Seidman in Grand Rapids.

In last year's report, we wrote that "the collection, analysis and dissemination of data will improve, with resulting improvements in future reports." We have found this to be the case.

Indeed, the process of writing a triple bottom line report has placed social and environmental data under a higher level of scrutiny; in order to ensure the highest level of data reliability, we have improved the mechanisms for collecting data in specific categories and in certain cases have revised information presented in last year's report. The revisions are explained in footnotes to the scorecard on page 11.

By measuring Cascade's triple bottom line performance, we believe we can contribute to a more sustainable company and community. We have learned from other organizations that have actively pursued sustainable business strategies, and we hope that in some small way, our Triple Bottom Line Report will contribute to a better understanding of sustainability.

- Michael Goldman
Vice President, Business Services



FINANCIAL

Cascade Engineering has many stakeholders, including our employees, shareholders, customers, vendors, capital providers and the communities in which we operate. Each year we set goals and monitor progress in key areas within the company in order to protect our stakeholders' interests. Four company-wide financial targets that we believe are important for financial sustainability are sales growth, return on equity, profitability and capital utilization.

Employees: In addition to these four financial targets, we also establish specific performance targets relating to cost, quality, delivery, learning, safety and the environment. We measure and report our progress against the targets on a quarterly basis. For certain metrics, we reward our employees with bonuses if the targets are achieved. While we did not fully achieve all of the goals we established in 2004, we did make significant progress in many areas. In fiscal year 2004, bonus programs based on these measures paid out over \$3 million to our employees.

Customers: We provide solutions to customers in a variety of industries, as shown in Chart A.

Capital Providers and Strategic Partners: We work with many capital providers, including traditional banks and leasing companies, and we have joint venture partners from around the globe, including Japan, Israel and Europe.

Suppliers: We have a supplier base in many fields, including plastic resins, foam, tooling, equipment and consulting and promote relationships with diverse suppliers. We also have strategic relationships with minority-owned companies.

Communities: The company was the largest taxpayer in Cascade Township, Michigan and the fourth largest taxpayer in the Forest Hills School District. In total, we paid nearly \$5 million in taxes to federal, state and local governments in fiscal year 2004. In addition, Cascade is actively involved in many not-for-profit organizations, which we support through memberships, collaborative activities and financial contributions.

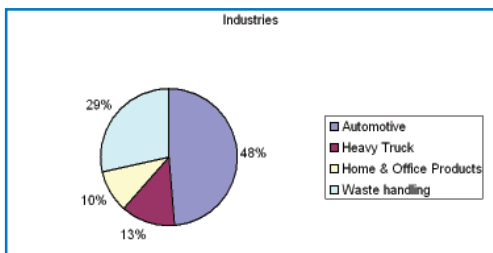


CHART A
Industries

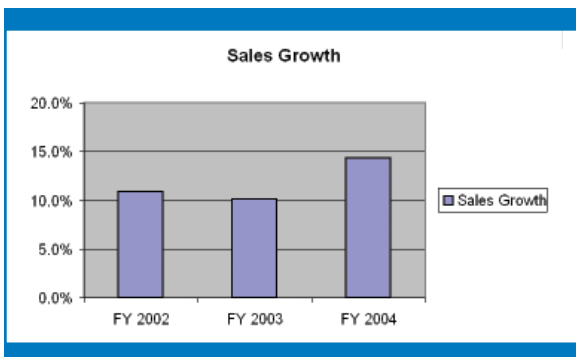


CHART B
Sales Growth

The Cascade Family of Companies includes various industries with different business cycles. Our target is that the Cascade Family of Companies as a whole has year-over-year growth of 10 percent.

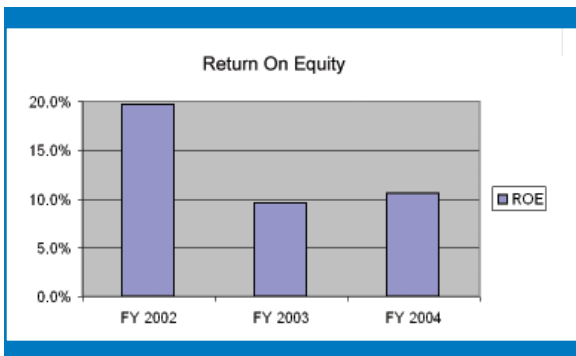


CHART C
Return On Equity

Return to our stakeholders is important for the long-term success of the Cascade Family of Companies. Our target is a 15 percent return on equity.

FOUR KEY FINANCIAL TARGETS AT CASCADE ENGINEERING

We have set four financial targets that we believe are important for financial sustainability: sales growth, return on equity, profitability and capital utilization.

SALES GROWTH

The Cascade Engineering Family of Companies includes various industries with different business cycles. Our target is that the Cascade Family of Companies as a whole has year-over-year growth of 10 percent. See Chart B.

RETURN ON EQUITY

Return to our stakeholders is important for the long-term success of the Cascade Family of Companies. Our target is a 15 percent return on equity. See Chart C.

PROFITABILITY

The Cascade Family of Companies makes decisions with proper regard to long-term financial security. Being a profitable company with positive net income each year is one way we measure our financial security. For example, the Cascade Engineering Grand Rapids campus has had net income in each of the past three years and in 30 of the last 31 years.

CAPITAL UTILIZATION

To be financially sustainable, the Cascade Family of Companies must fully utilize equipment, employee skills and develop new solutions for customers. The efficiency of our equipment and human capital, as measured by utilization rates, improved in 2004.

Financial | Social | Environmental

Accounting for the triple bottom line is a worthy goal. Balancing financial, social and environmental performance is a strategy for long-term economic growth.

— Stephen Peterson
Vice President, Finance and CFO

MAJOR AWARDS

Cascade Engineering has been honored to receive awards from many different organizations - from local business clubs to the Governor's Mansion to the White House. The awards we received in 2004 include:

- RANKED #8 ON THE GREAT PLACE TO WORK® INSTITUTE AND SOCIETY FOR HUMAN RESOURCE MANAGEMENT'S 25 BEST MEDIUM COMPANIES TO WORK FOR IN AMERICA
- HEART OF WEST MICHIGAN UNITED WAY TOP CONTRIBUTOR AWARD
- SOCIETY OF PLASTICS ENGINEERS, AUTOMOTIVE DIVISION, MOST INNOVATIVE USE OF PLASTICS, FINALIST AWARD, POWER-TRAIN CATEGORY
- NATIONAL GOVERNORS ASSOCIATION AWARD FOR DISTINGUISHED SERVICE TO STATE GOVERNMENT, PRIVATE CITIZEN AWARD, FRED P. KELLER
- MICHIGAN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, ERGONOMIC INNOVATION AWARD



SOCIAL

"Doing something good and then making it good business." – Fred P. Keller

Social capital is created when the company and the community engage each other to find mutually beneficial solutions to common problems. On a regional and national level, Cascade Engineering has been recognized for its efforts supporting economic, social and environmental improvements that benefit employees and the community. The company carefully evaluates the societal benefit of its community programs based on the London Benchmarking Group Model, as shown in Diagram A on page 5. This model has helped us organize our social programs around charitable giving, community investments and commercial initiatives in the community. Cascade Engineering believes that a strong community, with employees who feel fulfilled and secure, is mutually beneficial. We believe we can accomplish this worthy goal by meeting employees' needs and offering them opportunities to help others in need, as well as encouraging the growth and vitality of the local community. Through this win-win process, we strengthen the fabric of Cascade's culture and our ability to adapt to challenging market conditions.

1. Charitable Giving

As a company, Cascade Engineering donated \$215,000 to 82 different organizations in 2004. This includes Charitable Contributions Committee donations, but excludes separate contributions made by the Keller Foundation and the Keller family.

Charitable Contributions Committee

The purpose of this committee is "to improve the vitality and quality of life in communities in which Cascade Engineering employees reside through educational, human service and health activities, with emphasis on activities with a preventative purpose." This group is made up of Cascade employees, and has an annual contribution budget of \$25,000 to be allocated each year to community programs and projects that meet specific qualifications. In 2004, the committee donated its full budget to 40 different organizations.

United Way

Cascade employees participate generously in the annual Heart of West Michigan United Way Pacesetter Campaign. Cascade has accepted the annual pacesetter role,

increasing employee participation and dedication with every new campaign. In 2004, employees contributed almost \$88,000, with the company matching the full amount. Employees also show their community support through the Christmas Adopt-A-Family program and Thanksgiving baskets. In 2004, 25 families referred to the company by United Way agencies received Thanksgiving baskets or Christmas presents donated and delivered by employees. During the 2004 United Way Day of Caring, Cascade employees worked at the Children's Assessment Center in Grand Rapids, pulling weeds and spreading mulch, and with the Clean Water Action group, distributing recycling bins to local families.

2. Community Investments

Welfare-to-Career Program

The mission of the Cascade Engineering Welfare-to-Career program is to support unemployed and underemployed individuals as they move from dependence to economic self-sufficiency. Through the program, Cascade Engineering offers opportunities to both employees and the community by providing education, coaching and mentoring, resource guidance and transportation for employees. The program benefits employees financially and personally by making career awareness, advancement and self-sufficiency a reality, with unique support that includes two on-site caseworkers from the Michigan Department of Human Services (formerly known as the Family Independence Agency). Cascade Engineering is the only company in the state that has one full-time and one part-time caseworker on site. In 2004, 97 former welfare recipients participated in the program, including 30 who achieved self-sufficiency, meaning they were no longer receiving any cash assistance from the state. During the life of the program, the participant retention rate has consistently improved. In 1999, the monthly retention rate for employees in the program averaged 83 percent; in 2004, the monthly retention rate averaged 97.8 percent. Other documented benefits to participants and society at large include reduced cash assistance payments and increased tax receipts. In addition, participants in 2004 received \$40,336 in assistance for emergency car purchases and repairs, utility services and

SOCIAL

continued...

housing. The benefits of the program to participants, the company and the government have been the subject of case studies written by Thomas E. Cavanagh, a Senior Research Associate at The Conference Board, and by Professor James R. Bradley for the Stanford Social Innovation Review. For more information on these case studies, please visit www.conference-board.org and www.ssireview.com.

Lisa Hudson joined Cascade in September, 1999 as a production operator through the Welfare-to-Career program. Today she is an Administrative Assistant/Receptionist in The Learning Community and is earning her human resources certificate through Davenport University classes taught on-site at the company. Lisa was one of two Cascade employees honored in 2003 as "Women of Achievement" by the Grand Rapids, MichiganYWCA.



Lisa Hudson

Lisa is a role model in practicing Steven Covey's 7 Habits of Highly Effective People®, which are core values at Cascade Engineering. Through her commitment to life-long learning, Lisa is an example of self-improvement within the Cascade family. She is a devoted member of Act's Gospel Outreach Ministries in Grand Rapids and committed to community improvement. As a strong advocate of government social programs, Lisa testified on Cascade's behalf before the U.S. House of Representatives' Committee on Ways and Means on practical techniques for bridging the cultures of poverty and middle class work places. Lisa's long-term goal is to improve African society through missionary work.

Pathways to Advancement Policy Academy

Fred P. Keller and Ronald B. Jimmerson Sr., Cascade's Manager of Community Partnerships and Workforce Diversity, were appointed by Michigan Governor Jennifer Granholm to serve on a state-wide team charged with improving the participation of low-skilled, working-age adults in post-secondary education. The team was part of a project sponsored by the National Governors Association Center for Best Practices and FutureWorks. Michigan was one of eight states to participate in this program, which was called the Pathways to Advancement Policy Academy. The team also focused on workforce, welfare, education and economic policies that promote college access and success.

Cascade Engineering University

Through the new Cascade Engineering University (CEU), the company began sharing its experience with diversity, Welfare-to-Career and other related poverty reduction programs with other businesses, faith-based organizations, schools and social service agencies. The company also consulted with clients in two Canadian provinces, Saskatchewan and Ontario. The ability to share social capital practices and ideas that have a positive impact on the company's triple bottom line through a corporate university is a logical extension of the company's sustainability strategy; in 2005, the company plans to expand the classes, consulting and other services available through the CEU. For more information, see the CE University brochure on our Web site: www.cascadeng.com/about/ceu.htm.



DIAGRAM A

London Benchmarking Group Model

THE CHAIRMAN'S/ PRESIDENT'S AWARD FOR SOCIAL CAPITAL

This award recognizes the development of "social capital" within Cascade Engineering. Social capital is created when the company and the community engage each other to find mutually beneficial solutions to common problems.

The award is presented to an employee who exemplifies this process of win-win problem solving.

- 2004: **LAUREN CLARK**
HOSTS (HELPING ONE STUDENT TO SUCCEED) READING PROGRAM
- 2003: **DAVID BARRETT**
COMMUNITY LEADERSHIP AND EDUCATION
- 2002: **JODI PORRAZ**
CONGRESS ELEMENTARY SCHOOL PARTNERSHIP

A DIVERSE COMPANY

Cascade Engineering maintains a voluntary affirmative action plan. In 2004, our workforce was comprised of:

- 64.0% Male
- 36.0% Female
- 68.3% White
- 22.3% Black
- 5.2% Hispanic
- 4.1% Asian
- 0.1% American Indian

For more information about Cascade's diversity program, please visit our Web site at www.cascadeng.com

○ Financial | ○ Social | ○ Environmental

Social capital is about respecting and valuing all people.

— David Barrett

Senior Organizational Consultant, Human Resources Development

WORK AND LIFE PROGRAMS AT CASCADE

PHASES work and life program contains over 90 benefits and services that help employees maintain the balance between work and life that is crucial to personal and professional success. Examples include:

DOMESTIC VIOLENCE AWARENESS

Through employee training, information and referral to community resources, the program extends a supportive hand to the victims of domestic violence.

CASCADE ASSISTANCE PROGRAM

A program that provides 24-hour, free, confidential, professional counseling to employees and their families.

EDUCATIONAL REIMBURSEMENT PROGRAM

A program that provides financial assistance for work-related or degree-required courses.

TELECOMMUTING PROGRAM

A workplace alternative that enables employees to work in a location other than the traditional office setting utilizing telecommunication technology.

BLUE HEALTH CONNECTION®

A comprehensive health care management program that helps employees get healthy and stay healthy through on-line resources and telephone consultations with a nurse.

SOCIAL continued...

School-to-Career Programs

Cascade Engineering participates in the School-To-Career Progressions program in partnership with the Grand Rapids Public School District and two Cascade employees have served as chair of its board of directors. Through classroom learning, career assessments, a facilitated Success Center, workshops, mentoring and three-year educational/career plans, the program is designed to help at-risk students develop the life skills necessary to overcome the barriers of poverty. Of the 30 at-risk high school seniors who participated in the program in 2004, 96 percent enrolled in a post-secondary education program, 93 percent completed financial aid forms for post-secondary education and 11 percent obtained part-time employment. Since 2000, 94 percent of students who participated in the program have enrolled in post-secondary education or obtained full-time employment. For more information on School-To-Career Progressions, please visit www.s2cprogressions.org.



Clarence Williams,
School-To-Career
Progressions participant

Cascade employees also participate in the Families And Community Together for Students (FACTS) program to help tutor at-risk students at Congress Elementary School in Grand Rapids, Michigan. In 2004, 11 employees tutored students on a weekly basis, 40 served as pen pals and 10 taught Junior Achievement classes. The tutoring program led to a measurable improvement in reading proficiency as measured by one or more grade improvements on word lists and passage explanation. Through Cascade's Groundhog Job Shadow Day, local high school students have the opportunity to shadow Cascade employees and learn about the working world. In 2004, 22 students from Northview High School shadowed nine Cascade Engineering employees holding a variety of positions within the company.

3. Commercial Initiatives in the Community

Ex-Offender Resource Center

The Ex-Offender Resource Center is a model created by a consortium of private and public sector organizations to promote successful job placement, retention and career movement for ex-offenders. At the first organizing meeting in 2002, a group of stakeholders including Cascade Engineering, developed a mission, issued surveys to identify barriers for ex-offenders and formed three sub-groups to focus on policy changes. This group is now called The Re-Entry Roundtable of Kent County, Michigan and because of its comprehensive approach, the roundtable has been chosen by the Michigan Department of Corrections as a pilot program. Nearly 30 human service, faith-based, business and government organizations are participating in the roundtable.

The roundtable has finalized a four-level employment certification process by which ex-offenders will be qualified for employment by completing required training, acquiring new life skills, complying with the terms of their release and demonstrating positive citizenship. One of the keys to the future success of the ex-offender program is changing how this group is viewed by employers and the community. To this end, the roundtable is developing a marketing plan and action plans to address issues specific to women, veterans, housing, transportation, mentoring and other support services. Through funding from the State of Michigan the groups are continuing their dialogue and the preparation for a pilot center in 2005. For more information about ex-offender re-entry, please visit www.michigan.gov/corrections and www.urban.org.

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ENVIRONMENTAL

Cascade Engineering is committed to protecting the environment by continuously reducing waste emissions to the air, land and water.

Cascade Engineering is dedicated to achievement in the following three areas specified in our Environmental Statement:

1. To protect the environment by continuously working towards the reduction of waste emissions into the air, land and water, with the ultimate goal of eliminating all negative impact on natural and man-made resources.
2. To evaluate our environmental management programs and systems to ensure continuous improvement in the area of waste and accident identification, reduction and elimination.
3. To understand every phase of the life cycles of our products—from raw materials and production to use and recycling—thereby contributing to the sustainability of our company and our community.

1. Waste Reduction: Eliminating Negative Impacts

Cascade Engineering is committed to creating the highest value for our customers, being a sustainable organization and a benchmark for leadership in business and in the community. We believe in environmental value—that resources should be utilized responsibly, not only to ensure their continued use, but to eliminate the creation of waste. The continuous elimination of waste allows Cascade Engineering to provide solutions that are more cost-effective, faster and better for our customers.

In 2004, the Industrial Solutions Group was added to the company’s registration scope for ISO-14001. Cascade Engineering successfully completed an external audit of ISO-14001 registration for the Automotive Solutions and the Industrial Solutions Groups, which also encompassed the Center For Innovation and The Learning Community. Auditors from our registrar, SGS, documented no major or minor findings during the registration audit, which is a significant accomplishment and reflects the completeness of the company’s Environmental Management System (EMS). The Noble Polymers business

unit will pursue registration to ISO-14001 during the last quarter of 2005; at that time, the entire Grand Rapids campus will be certified to the ISO-14001 standard. The documented EMS is located on Pilgrim, Cascade’s document control system that stores and manages company-wide data and documents relating to the company’s overall business operating system.

Michigan’s Clean Corporate Citizen Designation

In 2004, the Industrial Solutions Group joined the Automotive Solutions Group in achieving Clean Corporate Citizen (C3) status from the Michigan Department of Environmental Quality (DEQ). This designation is given to companies that demonstrate consistent environmental compliance, adopt active pollution prevention programs and use an effective EMS. The designation encompasses these two groups (six manufacturing plants), the Center For Innovation and The Learning Community. This designation grants the company accelerated review by the DEQ of permit requests, a potentially important competitive advantage. For more information on C3, please visit www.michigan.gov/deq.

Waste Reduction Team and Other Successful Pollution Prevention Initiatives

In 2004, the Automotive and Industrial Solutions Groups conducted an aggressive campaign to decrease the volume of scrap materials and contaminants transported to landfills. Because Cascade’s core business is plastic injection molding, the primary goals are to reduce the consumption of resin, recycle plastic waste and minimize the volume of material sent to landfill. In 2004, we surpassed our 15 percent waste to landfill goal with a 38 percent reduction to landfill for the Grand Rapids campus. In addition, the company conducted campus-wide training in storm water pollution prevention and audited compliance to the company’s Storm Water Pollution Prevention Plan.

COMMUNITY INVOLVEMENT AT CASCADE ENGINEERING

Cascade employees participate in many community organizations and activities. In addition, they serve in leadership positions on the boards and governing councils of many organizations, including environmental ones. Examples include:

- THE WEST MICHIGAN SUSTAINABLE BUSINESS FORUM
- THE WORKFORCE DEVELOPMENT BOARD FOR KENT AND ALLEGAN COUNTIES
- THE CITY OF GRAND RAPIDS CIVIL RIGHTS RECOGNITION COMMISSION
- THE GRAND RAPIDS AREA CHAMBER OF COMMERCE
- THE CITY OF GRAND RAPIDS POLICE REVIEW BOARD
- THE JUVENILE DIABETES ASSOCIATION OF WEST MICHIGAN
- THE GRAND RAPIDS JAYCEES
- THE GRAND RAPIDS YWCA
- THE DELTA STRATEGY
- THE WORLD AFFAIRS COUNCIL OF WESTERN MICHIGAN

Financial | Social | Environmental

The attitude of “safety first” is evident to everyone who walks into our facilities. Safety teams provide a diverse set of eyes to ensure a safe workplace for everyone.

— Sharon Dyson

Level C Operator and Safety Team Member, Automotive Solutions Group

SUSTAINABLE PRODUCTS MANUFACTURED AT CASCADE ENGINEERING

Cascade Engineering tries to understand every phase of the life cycle of its products—from raw materials and production to use and recycling, so we can contribute to the sustainability of the larger community.

Examples of such products include:

- VESTAR FR™, A NEW RESIN DEVELOPED BY NOBLE POLYMERS, A SUBSIDIARY OF CASCADE ENGINEERING. THIS FLAME RETARDANT RESIN EXTRUDES MORE EFFICIENTLY AND IS MORE ENVIRONMENTALLY FRIENDLY THAN TRADITIONAL FR RESINS.
- AIR DUCT COOLERS FOR DIESEL CHASSIS AND POWERTRAIN APPLICATIONS THAT IMPROVE PERFORMANCE THROUGH LIGHTER WEIGHT AND MORE EFFICIENT AIR FLOW.
- THE MIRRA™ OFFICE CHAIR PRODUCED FOR HERMAN MILLER IS DESIGNED FOR THE ENVIRONMENT, IS 96 PERCENT RECYCLABLE AND MEETS THE HIGHEST ERGONOMIC CRITERIA.

ENVIRONMENTAL

continued...

In 2004, environmental programs were carefully planned, executed, documented and evaluated as part of the company's EMS. The initiatives included:

- Evaluating all types of materials being sent to the landfill via dumpsters
- Recycling of all scrap parts
- Reducing usage of materials that are non-recyclable
- Continuously reducing the consumption of cardboard, aerosol cans, office paper, universal waste and other commodities through recycling programs. For example, the Industrial Solutions Group recycled over 65,000 tons of cardboard and the Automotive Solutions Group recycled 310 fluorescent/HID light bulbs.
- Monthly walk-throughs by BATA Plastics, a West Michigan based recycler, to identify new recycling initiatives
- Implementing bulk chemical systems to replace individual aerosol cans
- Developing work instructions for all recycled items
- Implementing a wood pallet recycling program
- Working with BATA Plastics to find uses for vac-formed vinyl scrapped parts

All seven plants removed absorbents from their waste stream by participating in the company's absorbent recycling program with Circle Environmental; this represented a major expansion of the recycling program the company began in 2003. Rather than being disposed of as waste by incineration, Circle Environmental extracts and recycles the oil from the absorbents, then cleans and returns the absorbents to Cascade Engineering for reuse in our manufacturing process. In 2004, this process was extended to cloth rags used in the company's operations. Documented progress included the Automotive Solutions Group collecting 129 drums of absorbents resulting in 18,642 absorbent pads and 811 gallons of oil being recycled.

Cascade Engineering is a member of the Michigan Business Pollution Prevention Partnership (MBP3) and is required to report

annually on pollution prevention initiatives. MBP3 also serves as a networking resource for waste reduction and pollution prevention. In 2005, Cascade Engineering will host the MBP3 Annual Conference at The Learning Community. For more information about MBP3 please visit www.michigan.gov/deq.

The cross-functional Waste Reduction Team (WRT) continued to support EMS programs and priorities established by operations management. Through an annual "suitability, adequacy and effectiveness" review, the EMS and operations managers in each solutions group evaluated the overall performance of the EMS and established specific goals for the new fiscal year. The WRT also conducted waste stream analyses in each plant in 2004 and in collaboration with operations and Waste Management and Recycle America Alliance, created strategies for recycling and reducing waste. This analysis also included actual "dumpster dives." Cascade has eliminated all but one open-top dumpster as part of its Storm Water Pollution Prevention Plan and replaced them with compactors. The compactors are transported to the landfill, dumped and the contents are examined and video taped by the WRT. The information from the dumpster dive is used to teach employees what items can be recycled rather than disposed of in the landfill. This process reduced landfill charges in 2004 by \$141,000.

The company purchased approximately 9.3 million pounds of recycled polypropylene (PP) derived from battery casings, diaper trimmings, hospital gowns and bottle labels. The recycled material was converted by Noble Polymers into thermoplastic olefin used in acoustical products manufactured by the Automotive Solutions Group. In 2004, 77 percent of the company's annual PP purchases were based on post-consumer and post-industrial recycled material.

The waste stream of plastic scrap is being managed, to the extent possible, as a profit center. While zero defects is a constant company objective, scrap nonetheless is produced. In 2004, a company-wide total of 2,410,232 pounds of plastic scrap was diverted from the landfill to BATA Plastics and re-introduced to a manufacturing process, with 386,404 pounds being directly re-introduced at Cascade. Cascade received \$117,315 from BATA Plastics for the plastic scrap. The WRT continued its relationship in 2004 with Learning from Scratch, a non-profit organization that takes company scrap and uses it as art materials in the public school system. The WRT also launched a company-wide plastic recycling program for non-deposit plastic products of type #1

ENVIRONMENTAL

continued...

- #7. In a related effort, the WRT is planning a Neighborhood Recycling Center, which will be located on campus and open to the public in early 2005. The center will accept eye glasses, gently used clothing, batteries, cell phones, magazines, children's winter clothing, library books and phone books, all of which will either be recycled or donated to local not-for-profit organizations. Finally, the WRT site on the company's intranet was redesigned to present information in a more user-friendly manner.

Employee Involvement in Waste Reduction and Pollution Prevention

Cascade Engineering promotes employee involvement in pollution prevention activities through Kaizen, problem solving and value stream mapping events and the IGNITE (Ideas Getting Noticed = Innovation Through Employees) employee suggestion program. For example, one Kaizen event at the Industrial Solutions Group identified and repaired 29 oil leaks and one water leak. A similar event in the Automotive Solutions Group focused on plastic scrap reduction. In total, 13 IGNITE suggestions relating to health and safety were submitted in 2004.

2. Continuous Improvement: Safety and Related Systems

By making accident reduction an essential thread of our systems and processes, Cascade Engineering is able to meet and exceed customer requirements while continuously improving our own safety performance. By managing safety proactively, maintaining a documented safety process and manual and having Integrated Contingency Plans in place, the company has been able to create a safe and secure work environment.

Health and Safety

At the end of calendar year 2004, the incident and lost/restricted workday rates for Cascade were 5.7 and 2.5, respectively, representing a 25 and 40 percent reduction from year-end 2003 rates, as shown in Charts D and E. The Cascade Engineering Safety, Security and Environmental Services (SSES) system allowed the company to effectively deploy policies and practices, and to incorporate safe work practices into standard operating procedures.

Through Cascade's written Health and Safety Commitment Statement, Fred P. Keller conveys the company's philosophy on employee safety, that, "No job is so important, no order so urgent, that we cannot take the time to work safely and to protect the environment." All new employees attend safety orientation prior to starting work. The company qualifies contractors on the basis of safety and requires them to attend a special SSES training program. This training program provides information about the company's safety and environmental policies, and the Michigan Occupational Safety and Health Administration's (MIOSHA) regulations. In 2004, 80 contractors completed this training program.

Each plant has a functioning safety team that consists of production and support employees. Each team maintains a standard agenda and action item list. Safety team membership rotates every three to six months. To support the teams, Cascade partners with MIOSHA's Consultation, Education and Training Department. In 2004, MIOSHA conducted on-site quarterly reviews, as well as fall protection training and consultation. The MIOSHA Enforcement Division conducted two unannounced audits in 2004. Both were in the Automotive Solutions Group. One was the result of an employee complaint, and was closed without any citation. The other audit resulted in findings related to the guarding of a conveyor belt, construction of an electrical

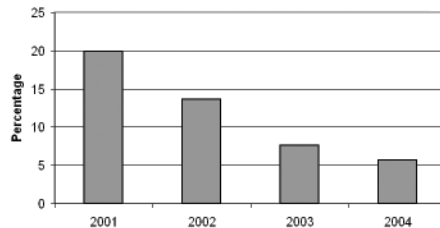


CHART D
Incident Rates

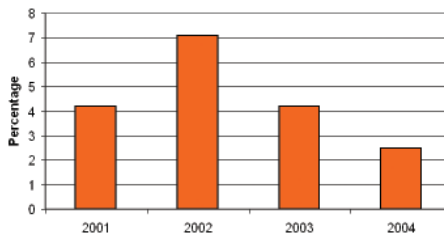


CHART E
Lost/Restricted Workday Rates

DID YOU KNOW THAT CASCADE ENGINEERING...

- HEATS ONE OF ITS BUILDINGS WITH ENERGY GENERATED BY INJECTION MOLDING MACHINES?
- PARTICIPATES IN THE INTERNATIONAL MATERIAL DATA SYSTEM, BY WHICH ALL MATERIALS USED FOR AUTOMOBILE MANUFACTURE ARE ENTERED INTO A DATABASE, PERMITTING MANUFACTURERS AND SUPPLIERS TO COMPLY WITH INTERNATIONAL STANDARDS, LAWS AND REGULATIONS?
- IS SYSTEMATICALLY REPLACING INJECTION MOLDING MACHINE MOTORS WITH NEW ENERGY EFFICIENT UNITS?
- PARTICIPATES IN THE NIKE® REUSE-A-SHOE PROGRAM, WHICH REGRINDS DONATED TENNIS SHOES INTO SPORTS AND PLAYGROUND SURFACES IN DISADVANTAGED COMMUNITIES?
- HAS AUTOMATED EXTERNAL DEFIBRILLATORS IN EVERY FACILITY?

Financial | Social | Environmental

Our challenge is not working independently to capture environmental improvements, but working together with a keen sense of dependence on one another to become a sustainable enterprise.

— David Williams
Vice President, Operations

THREE GOALS; ONE PLANET

Cascade Engineering continued its Three Goals; One Planet program in 2004. This multi-year program is based on three environmental goals. The goals are designed to help Cascade reduce or control potential negative impacts to the environment, and to support positive community-based initiatives.

- 15 PERCENT REDUCTION TO THE LANDFILL
- 10 PERCENT REDUCTION OF SCRAP
- ADOPT-A-HIGHWAY PROGRAM



Cascade Engineering Adopt-A-Highway volunteers, Lan Bai and Ryan Truong

ENVIRONMENTAL *continued...*

panel and fall protection practices. Prior to the second audit, the company and MIOSHA had engaged in ongoing discussions about the feasibility of various fall protection measures. The discussions were held in good faith and with the safety of employees being at the center of the both the company and MIOSHA's concern. However, in the end, MIOSHA cited the company, levied a minimal fine and Cascade immediately abated MIOSHA's concerns. Fall protection is a major issue in the plastic injection-molding industry and by networking with MIOSHA and other local injection molders, we continue to evaluate and improve our fall protection practices.

Cascade Engineering contracts with Professional and Personal Wellness (PPW) located in Battle Creek, Michigan, to provide wellness services to the facilities on the Grand Rapids campus. This is part of the company's WOW (Working On Wellness) program. This program directly impacts safety through individualized biomechanical and ergonomic assessments. The basis for the campus-wide program was a successful pilot project conducted in 2004 in the Automotive Solutions Group, in which production and support employees on all shifts participated in job coaching, healthy back exercises, other workplace biomechanics and a basketball shoot-out designed to create excitement around the program. These activities were followed up with on-site health screens and counseling sessions. The pilot established a positive correlation between the PPW program and safety and turnover rates. PPW feeds information back to Cascade on an aggregated group basis only; any health information PPW receives about an individual employee is completely confidential. The group data allows the company to target potential problems that could contribute to an unsafe or unhealthy workplace.

3. Promoting Sustainability Through Learning

Promoting the understanding of product life cycles and sustainable business processes is essential to creating continuous growth in each of the three bottom lines.

Cascade Engineering held its second annual Safety, Security and Environmental Services Conference, with 50 participants and presentations from our CEO, the SSES group, plant safety teams, the WOW committee and the Waste Reduction Team, as well as presentations from our occupational medical services provider and the Michigan Department of Environmental Quality. The conference provided compliance and best practice information and promoted cross-company learning.

Beginning in late 2004, the company began the process of designing and remodeling a new corporate headquarters building to meet the certification guidelines of the LEED EB (Leadership in Energy and Environmental Design for Existing Buildings) Green Building Rating System® developed by the U.S. Green Building Council. The certification criteria includes sustainable site management, water efficiency, energy and atmosphere, materials and resource management, indoor environmental quality and innovation and design process. The certification process itself has been an important learning opportunity for the company and we hope the building can serve as a platform for sustainable education at Cascade and in the community. For more information about the company's headquarters building, please visit www.cascadeng.com/about/profile/env.htm.

Lastly, Cascade participated in the Working Group on Global Corporate Citizenship and Risk Assessment sponsored by The Conference Board and Future 500. Other participants included Capital One Financial Corporation, Deloitte Consulting, APCO Worldwide and Pitney Bowes. Using the Future 500 Corporate Accountability Practices (CAP) Gap Audit, Cascade was able to evaluate the effectiveness of its corporate citizenship and governance performance against seventeen major standards, including the Global Reporting Initiative, Malcolm Baldrige National Quality Award and the Ceres Principles. The company's overall grade was "B-," and certain gaps were identified during the audit process, including two major opportunities for improvement. First, the conflict of interest provisions in the company's Employee Guidebook did not constitute a comprehensive business conduct policy encompassing a code of ethics. A detailed business conduct policy has been drafted and is scheduled to be reviewed at the June, 2005 meeting of the Cascade Engineering board of directors. Second, as a large injection-molder, the company consumes non-renewable natural resources in the form of oil- and natural gas-based plastic resins. In 2004, the company accelerated its research and development activities relating to alternative sources of resin and expanded its recycling and closed-loop production and distribution initiatives. For more information about the working group and the CAP Gap Audit, please visit www.conference-board.org and www.globallff.org.

SCORECARD

	2001	2002	2003	2004
Financial				
Sales Growth	-1.8%	10.9%	10.1%	14.3%
Return On Equity	15.2%	19.7%	9.6%	10.6%
Taxes Paid (in millions) ¹	\$5.4	\$5.5	\$6.2	\$4.8
Social				
Contributions	\$171,000	\$232,000	\$208,000	\$215,000
Welfare-to-Career Retention (monthly) ²	93.4%	96.2%	97.5%	97.8%
Average Hours of Classroom Training per Employee (excludes on-the-job training)	39	36	25	26
Diversity/Human Rights Training (in hours)	2,884	2,521	1,936	2,548
Environmental and Safety				
Incident Rate ²	19.9	13.6	7.6	5.7
Lost/Restricted Workday Rate ³	4.2	7.1	4.2	2.5
Citations/Fines ⁴	0/\$0	0/\$0	0/\$0	2/\$500
Water Consumption (cubic feet in millions) ⁵	1.7	1.9	2.6	2.5
Sales Dollars per Kilowatt Hours	-	-	\$2.98	\$3.26
Impact of Spills on Environment	0	0	0	0
Greenhouse Gas Emissions ⁶	-	-	-	-
Landfill Reduction	-	-	-	38%
Use of Post-Consumer and Industrial Recycled Material (pounds in millions)	-	6.0	7.5	9.3

Note 1: Only income taxes were reported in the 2003 Triple Bottom Line Report; beginning with this year's report, taxes will include income, property, sales and other taxes paid by the Cascade Family of Companies.

Note 2: The 2003 Triple Bottom Line Report under reported the monthly retention rate by 1.7 percent for calendar year 2003.

Note 3: Incident and lost/restricted workday rates are reported on a calendar year basis in accordance with MIOSHA standards. In the 2003 Triple Bottom Line Report, rates for 2003 were reported on a fiscal year basis; beginning with this year's report, safety data will only be reported on a calendar year basis.

Note 4: The context of the citations and fine is discussed on pages 9 and 10 of this report.

Note 5: Adjustments in reported data for water consumption have been made for 2002 and 2003 based on revised information provided by the City of Grand Rapids Water Department. The data has also been converted to cubic feet in accordance with GRI guidelines. In the 2003 Triple Bottom Line Report, water consumption data for calendar year 2002 was over stated by approximately 25 percent, while 2003 was under reported by approximately .01 percent. The discrepancy was based on a duplication of data related to the Grand Rapids campus having multiple addresses for reporting purposes.

Note 6: According to Cascade's environmental audit firm, Fishbeck, Thompson, Carr and Huber (FTC&H) in Grand Rapids, Michigan, direct sources and emissions of greenhouse gases from Cascade's Grand Rapids campus are "very small" and consist primarily of carbon dioxide and carbon monoxide from transport trucks and heating units. Indirect sources consist of carbon dioxide and nitrous oxide produced by power generating plants and employee automobile emissions (November 11, 2004 letter from FTC&H). In order to reduce automobile emissions, the company and Cascade Township promote the use of public transportation and subsidize bus routes to and from the Grand Rapids campus. The company distributes route information to employees and representatives from *The Rapid*, Interurban Transit Partnership, periodically attend employee meetings and provide individualized route planning services. Employees who participate in the company's Welfare-to-Career program are eligible to receive subsidized door-to-door transportation by Angel Wings, a local not-for-profit agency. In addition, the company purchases 50,000 kilowatt hours per month generated by wind-power turbines located in Mackinaw City, Michigan; Cascade's annualized consumption of 600,000 kilowatt hours equals one-half of the output of one of the turbines. According to Consumer's Energy in Jackson, Michigan, Cascade is Consumer's single largest purchaser of green power in the state. Cascade is a founding member of the Green Power Partnership between the U.S. Environmental Protection Agency and private employers.

THE W.K. KELLOGG FOUNDATION AND THE CENTER FOR SYSTEMIC CHANGE

Fred P. Keller is a member of the W.K. Kellogg Foundation's board of trustees. The foundation, based in Battle Creek, Michigan, has \$6.5 billion in assets and a mission to "help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations." In 2004, the foundation's grant-making and program activities totaled \$207 million.

Fred created The Center for Systemic Change in 2004. The center is funded by his special grant-making authority as a Kellogg Foundation trustee. The center's fund resides in the Grand Rapids Community Foundation and provides micro-grants that:

- support foundational research on systemic change
- fund specific systemic change processes
- seed projects that are systemic solutions

For more information about the Center for Systemic Change and the Kellogg Foundation, please visit www.grfoundation.org and www.wkkf.org.

● Financial | ● Social | ● Environmental

We are a diverse organization made up of individuals from all walks of life. We work together for the common goal of serving our families, our company and our community.
 —Robert J. Rosenbach
 Vice President, Automotive Solutions

TO LEARN MORE ABOUT SUSTAINABILITY, PLEASE VISIT THE FOLLOWING WEB SITES:

- GLOBAL REPORTING INITIATIVE
www.globalreporting.org
- COALITION FOR ENVIRONMENTALLY RESPONSIBLE ECONOMIES
www.ceres.org
- WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT
www.wbcsd.org
- INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT
www.iisd.org
- WORLD RESOURCES INSTITUTE
www.wri.org
- THE CONFERENCE BOARD
www.conference-board.org
- WEST MICHIGAN STRATEGIC ALLIANCE
www.wm-alliance.org
- UN COMMISSION ON SUSTAINABLE DEVELOPMENT
www.un.org/esa/sustdev

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www.cascadeng.com

For more information on Cascade's Triple Bottom Line Report, please contact Michael Goldman, Vice President, Business Services, at 616.975.4721 or via e-mail at goldmanm@cascadeng.com.

SOCIAL

continued...

The SOURCE (Southwest Organizations Unifying Resources for our Community and Employees)

The SOURCE is modeled after the Cascade Engineering Welfare-to-Career program, but focuses on individuals living in poverty, not just those receiving welfare. The purpose of The SOURCE is to network with corporate neighbors, community partners and government agencies in an effort to pool and leverage community resources. These resources are then used to assist under and unemployed residents of the community to obtain the skills and support services they need to gain employment and move to economic self-sufficiency.

The SOURCE has one Department of Human Services (DHS) caseworker at its location. She facilitates hiring and training for nine Grand Rapids companies. Cascade is represented on The SOURCE board of directors, and accepts referrals from these companies after a person has been employed there for one year with a good work history. A study, conducted in 2004 by the W.E. Upjohn Institute for Employment Research in Kalamazoo, Michigan, found that The SOURCE and DHS interventions had a significant positive impact on employee retention and a net positive impact on the profits of most participating companies. In addition, research completed by the Community Research Institute at Grand Valley State University in Allendale, Michigan in 2003 found that The SOURCE achieved 130 percent of its target for employee placement with participating companies, 70 percent of its target for training and 103 percent of its target for social service interventions. For more information about workforce development issues in West Michigan, please visit www.upjohninst.org.

LETTER FROM THE CHAIRMAN AND CEO

continued...

Probably the best example is in building social capital. We have learned much: our Welfare-to-Career program started out as a way to help people who were on welfare and ended up helping the organization grow. The program initiatives made the environment more supportive of all employees and encouraged employees to value differences and diversity. This resulted in decreased turnover.

We call our corporate headquarters The Learning Community because in today's fast-paced world, we are constantly learning. We invest in human capital to strengthen trust and build our capacity to work through our toughest problems.

All three of the bottom lines discussed in this report have the potential to complement each other. Strategic advantages can lie in social and environmental initiatives. Cascade Engineering is committed to discovering and realizing this potential and these advantages, and we will continue to do this quickly and with competence and creativity. We shape ideas in plastics, but we believe sustainability will shape the future of the world.

- Fred P. Keller