

TEREX CORP
Form 10-Q
October 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10702

Terex Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

34-1531521
(IRS Employer Identification No.)

200 Nyala Farm Road, Westport, Connecticut 06880
(Address of principal executive offices)

(203) 222-7170
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically filed and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

INDEX

TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of September 30, 2013 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are 100%-owned) which were guarantors on September 30, 2013 (the “Guarantors”) of the Company’s 4% Convertible Senior Subordinated Notes due 2015 (the “4% Convertible Notes”), its 6% Senior Notes Due 2021 (the “6% Notes”) and its 6-1/2% Senior Notes Due 2020 (the “6-1/2% Notes”). See Note O – “Consolidating Financial Statements” to the Company’s September 30, 2013 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as “Terex,” the “Registrant,” “us,” “we,” “our” or the “Company.”

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Fantuzzi Noell USA, Inc.	Illinois	36-3865231
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
GFS National, Inc.	Washington	91-1959375
Loeering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex South Dakota, Inc.	South Dakota	41-1603748
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703
Terex Washington, Inc.	Washington	91-1499412

conditions or circumstances on which any such statement is based.

2

	Page No.	
<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	<u>4</u>
<u>Item 1</u>	<u>Condensed Consolidated Financial Statements</u>	<u>4</u>
	TEREX CORPORATION AND SUBSIDIARIES	
	<u>Condensed Consolidated Statement of Comprehensive Income – Three and nine months ended September 30, 2013 and 2012</u>	<u>4</u>
	<u>Condensed Consolidated Balance Sheet – September 30, 2013 and December 31, 2012</u>	<u>5</u>
	<u>Condensed Consolidated Statement of Cash Flows – Nine months ended September 30, 2013 and 2012</u>	<u>6</u>
	<u>Notes to Condensed Consolidated Financial Statements – September 30, 2013</u>	<u>7</u>
<u>Item 2</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>37</u>
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>55</u>
<u>Item 4</u>	<u>Controls and Procedures</u>	<u>56</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	<u>57</u>
<u>Item 1</u>	<u>Legal Proceedings</u>	<u>57</u>
<u>Item 1A</u>	<u>Risk Factors</u>	<u>57</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>57</u>
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	<u>57</u>
<u>Item 4</u>	<u>Mine Safety Disclosures</u>	<u>57</u>
<u>Item 5</u>	<u>Other Information</u>	<u>57</u>
<u>Item 6</u>	<u>Exhibits</u>	<u>57</u>
	<u>SIGNATURES</u>	<u>58</u>
	<u>EXHIBIT INDEX</u>	<u>59</u>

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 TEREX CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (unaudited)
 (in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net sales	\$1,810.6	\$1,822.0	\$5,441.9	\$5,652.9
Cost of goods sold	(1,423.5)	(1,443.4)	(4,370.8)	(4,514.9)
Gross profit	387.1	378.6	1,071.1	1,138.0
Selling, general and administrative expenses	(246.2)	(246.7)	(776.5)	(767.3)
Income (loss) from operations	140.9	131.9	294.6	370.7
Other income (expense)				
Interest income	1.5	1.3	5.0	6.4
Interest expense	(31.8)	(42.6)	(96.6)	(130.0)
Loss on early extinguishment of debt	—	(49.9)	(5.2)	(52.3)
Other income (expense) – net	(1.2)	(3.6)	(6.1)	(2.7)
Income (loss) from continuing operations before income taxes	109.4	37.1	191.7	192.1
(Provision for) benefit from income taxes	(20.8)	(8.8)	(64.2)	(61.7)
Income (loss) from continuing operations	88.6	28.3	127.5	130.4
Income (loss) from discontinued operations – net of tax	5.5	—	5.5	2.5
Gain (loss) on disposition of discontinued operations – net of tax	(0.4)	—	2.6	2.3
Net income (loss)	93.7	28.3	135.6	135.2
Net loss (income) attributable to noncontrolling interest	0.7	1.9	4.0	3.9
Net income (loss) attributable to Terex Corporation	\$94.4	\$30.2	\$139.6	\$139.1
Amounts attributable to Terex Corporation common stockholders:				
Income (loss) from continuing operations	\$89.3	\$30.2	\$131.5	\$134.3
Income (loss) from discontinued operations – net of tax	5.5	—	5.5	2.5
Gain (loss) on disposition of discontinued operations – net of tax	(0.4)	—	2.6	2.3
Net income (loss) attributable to Terex Corporation	\$94.4	\$30.2	\$139.6	\$139.1
Basic Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:				
Income (loss) from continuing operations	\$0.80	\$0.27	\$1.19	\$1.22
Income (loss) from discontinued operations – net of tax	0.05	—	0.05	0.02
Gain (loss) on disposition of discontinued operations – net of tax	—	—	0.02	0.02
Net income (loss) attributable to Terex Corporation	\$0.85	\$0.27	\$1.26	\$1.26
Diluted Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:				
Income (loss) from continuing operations	\$0.77	\$0.27	\$1.13	\$1.19
Income (loss) from discontinued operations – net of tax	0.04	—	0.05	0.02
Gain (loss) on disposition of discontinued operations – net of tax	—	—	0.02	0.02
Net income (loss) attributable to Terex Corporation	\$0.81	\$0.27	\$1.20	\$1.23
Weighted average number of shares outstanding in per share calculation				
Basic	111.3	110.5	111.1	110.3
Diluted	116.2	113.3	116.0	113.2

Edgar Filing: TEREX CORP - Form 10-Q

Comprehensive income (loss)	\$183.3	\$71.8	\$113.5	\$152.1
Comprehensive loss (income) attributable to noncontrolling interest	0.7	1.9	4.0	3.9
Comprehensive income (loss) attributable to Terex Corporation	\$184.0	\$73.7	\$117.5	\$156.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

4

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)
(in millions, except par value)

	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$370.6	\$678.0
Trade receivables (net of allowance of \$46.3 and \$38.8 at September 30, 2013 and December 31, 2012, respectively)	1,164.5	1,077.7
Inventories	1,742.9	1,715.6
Other current assets	325.5	326.1
Total current assets	3,603.5	3,797.4
Non-current assets		
Property, plant and equipment – net	793.4	813.3
Goodwill	1,241.9	1,245.3
Intangible assets – net	448.9	474.4
Other assets	401.8	415.8
Total assets	\$6,489.5	\$6,746.2
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	\$90.5	\$83.8
Trade accounts payable	709.8	635.5
Accrued compensation and benefits	242.4	226.2
Accrued warranties and product liability	96.5	97.6
Customer advances	312.1	312.9
Other current liabilities	376.6	352.8
Total current liabilities	1,827.9	1,708.8
Non-current liabilities		
Long-term debt, less current portion	1,815.4	2,014.9
Retirement plans	429.0	430.7
Other non-current liabilities	239.4	313.6
Total liabilities	4,311.7	4,468.0
Commitments and contingencies		
Redeemable noncontrolling interest	57.8	246.9
Stockholders' equity		
Common stock, \$.01 par value – authorized 300.0 shares; issued 123.6 and 122.9 shares at September 30, 2013 and December 31, 2012, respectively	1.2	1.2
Additional paid-in capital	1,231.8	1,260.7
Retained earnings	1,607.3	1,467.7
Accumulated other comprehensive income (loss)	(146.2)	(124.1)
Less cost of shares of common stock in treasury – 13.1 and 13.0 shares at September 30, 2013 and December 31, 2012, respectively	(599.9)	(597.8)
Total Terex Corporation stockholders' equity	2,094.2	2,007.7

Edgar Filing: TEREX CORP - Form 10-Q

Noncontrolling interest	25.8	23.6
Total stockholders' equity	2,120.0	2,031.3
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$6,489.5	\$6,746.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

5

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(in millions)

	Nine Months Ended September 30,	
	2013	2012
Operating Activities of Continuing Operations		
Net income	\$ 135.6	\$ 135.2
Adjustments to reconcile net income to net cash provided by (used in) operating activities of continuing operations:		
Discontinued operations	(8.1	) (4.8
Depreciation and amortization	117.6	112.3
Deferred taxes	(6.1	) 9.7
(Gain) loss on sale of assets	4.4	(8.8
Loss on early extinguishment of debt	5.2	52.3
Stock-based compensation expense	30.0	22.1
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Trade receivables	(95.9	) 19.3
Inventories	(114.3	) (103.1
Trade accounts payable	79.0	(13.1
Customer advances	(3.3	) 41.5
Other assets and liabilities	(35.8	) (174.9
Other operating activities, net	54.8	51.1
Net cash provided by (used in) operating activities of continuing operations	163.1	138.8
Investing Activities of Continuing Operations		
Capital expenditures	(60.9	) (56.1
Other investments	—	(14.1
Proceeds from sale of assets	45.2	31.3
Other investing activities, net	(0.7	) (5.2
Net cash (used in) provided by investing activities of continuing operations	(16.4	) (44.1
Financing Activities of Continuing Operations		
Repayments of debt	(503.5	) (654.5
Proceeds from issuance of debt	293.6	339.0
Purchase of noncontrolling interest	(228.1	) (3.2
Distributions to noncontrolling interest	(18.4	) (4.9
Other financing activities, net	8.5	(3.2
Net cash provided by (used in) financing activities of continuing operations	(447.9	) (326.8
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(6.2	) 0.6
Net Increase (Decrease) in Cash and Cash Equivalents	(307.4	) (231.5
Cash and Cash Equivalents at Beginning of Period	678.0	774.1
Cash and Cash Equivalents at End of Period	\$370.6	\$542.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEREX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

(unaudited)

NOTE A – BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of September 30, 2013 and for the three and nine months ended September 30, 2013 and 2012 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full-year financial statements. The accompanying Condensed Consolidated Balance Sheet as of December 31, 2012 has been derived from and should be read in conjunction with the audited Consolidated Balance Sheet as of that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

The Condensed Consolidated Financial Statements include the accounts of Terex Corporation, its majority-owned subsidiaries and other controlled subsidiaries ("Terex" or the "Company"). The Company consolidates all majority-owned and controlled subsidiaries, applies the equity method of accounting for investments in which the Company is able to exercise significant influence, and applies the cost method for all other investments. All material intercompany balances, transactions and profits have been eliminated.

In the opinion of management, all adjustments considered necessary for fair statement of these interim financial statements have been made. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three and nine months ended September 30, 2013 are not necessarily indicative of results that may be expected for the year ending December 31, 2013.

Cash and cash equivalents at September 30, 2013 and December 31, 2012 include \$13.6 million and \$12.4 million, respectively, which were not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Reclassification. Certain prior year amounts have been reclassified to conform to the current year's presentation. Subsequent to December 31, 2012, the Company realigned certain operations, which were formerly included in the Aerial Work Platforms ("AWP") and Material Handling & Port Solutions ("MHPS") segments, in an effort to strengthen its ability to service customers and to recognize certain organizational efficiencies and are now included in the Cranes segment. See Note B – "Business Segment Information."

Recent Accounting Pronouncements. In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities," ("ASU 2011-11"). ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. In January 2013 the FASB issued ASU 2013-1, "Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities." ASU 2013-1 limits the scope of ASU 2011-11 to disclosures about offsetting assets and liabilities related to derivatives accounted for in accordance with Accounting Standards Codification ("ASC") Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC Section 210-20-45 or Section 815-10-45 or subject to an enforceable master

netting arrangement or similar agreement. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In July 2012, the FASB issued ASU 2012-02, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment," ("ASU 2012-02"). ASU 2012-02 amends the guidance in the ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under ASU 2012-02, an entity has the option of performing a qualitative assessment of whether it is more likely than not that the fair value of an entity's indefinite-lived intangible asset is less than its carrying amount before calculating the fair value of the asset. If the conclusion is that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company would be required to calculate the fair value of the asset. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income," ("ASU 2013-02"). ASU 2013-02 adds new disclosure requirements for items reclassified out of accumulated other comprehensive income ("AOCI"). ASU 2013-02 intends to help the Company improve the transparency of changes in other comprehensive income ("OCI") and items reclassified out of AOCI in the Company's financial statements. ASU 2013-02 does not amend any existing requirements for reporting net income or OCI in the Company's financial statements. ASU 2013-02 is effective for annual and interim reporting periods beginning after December 15, 2012. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In March 2013, the FASB issued ASU 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity," ("ASU 2013-05"). The objective of ASU 2013-05 is to clarify the applicable guidance for the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective for annual and interim reporting periods beginning after December 15, 2013 with early adoption permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company's financial results.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," ("ASU 2013-11"), an amendment to ASC 740, "Income Taxes." ASU 2013-11 clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax benefit is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be netted with the deferred tax asset. The amendments in ASU 2013-11 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company's financial results.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on historical customer review and current financial conditions. The Company reviews its allowance for doubtful accounts at least quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. There can be no assurance that the Company's historical accounts receivable collection experience will be indicative of future results. The Company has off-balance sheet credit exposure related to guarantees provided to financial institutions as disclosed in Note M – "Litigation and Contingencies." Substantially all receivables were trade receivables at September 30, 2013 and December 31, 2012.

Impairment of Long-Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the fair value based on the estimated future undiscounted cash flows are less than the carrying

value. Future cash flow projections include assumptions for future sales levels and the level of working capital needed to support each business. The Company uses data developed by business segment management as well as macroeconomic data in making these calculations. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. The Company recognized \$2.3 million and \$2.4 million of asset impairments for the three and nine months ended September 30, 2013, respectively. The Company recognized \$0.2 million and \$1.4 million of asset impairments for the three and nine months ended September 30, 2012, respectively.

Fair Value Measurements. Assets and liabilities measured at fair value on a recurring basis under the provisions of ASC 820, "Fair Value Measurement and Disclosure" ("ASC 820") include interest rate swap and foreign currency forward contracts discussed in Note I – "Derivative Financial Instruments." These contracts are valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. ASC 820 establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Determining which category an asset or liability falls within this hierarchy requires judgment. The Company evaluates its hierarchy disclosures each quarter.

Accrued Warranties. The Company records accruals for potential warranty claims based on its claim experience. The Company’s products are typically sold with a standard warranty covering defects that arise during a fixed period. Each business provides a warranty specific to the products it offers. The specific warranty offered by a business is a function of customer expectations and competitive forces. Warranty length is generally a fixed period of time, a fixed number of operating hours, or both.

A liability for estimated warranty claims is accrued at the time of sale. The non-current portion of the warranty accrual is included in Other non-current liabilities in the Company’s Condensed Consolidated Balance Sheet. The liability is established using historical warranty claim experience for each product sold. Historical claim experience may be adjusted for known design improvements or for the impact of unusual product quality issues. Warranty reserves are reviewed quarterly to ensure critical assumptions are updated for known events that may affect the potential warranty liability.

The following table summarizes the changes in the consolidated product warranty liability (in millions):

	Nine Months Ended September 30, 2013
Balance at beginning of period	\$ 110.4
Accruals for warranties issued during the period	58.0
Changes in estimates	0.6
Settlements during the period	(63.9)
Foreign exchange effect/other	0.7
Balance at end of period	\$ 105.8

NOTE B – BUSINESS SEGMENT INFORMATION

Terex is a lifting and material handling solutions company. The Company is focused on operational improvement and delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, manufacturing, transportation, energy and utility industries. The Company operates in five reportable segments: (i) AWP; (ii) Construction; (iii) Cranes; (iv) MHPS; and (v) Materials Processing (“MP”).

The AWP segment designs, manufactures, markets and services aerial work platform equipment, telehandlers, light towers and bridge inspection equipment as well as their related replacement parts and components. Customers use these products to construct and maintain industrial, commercial and residential buildings and facilities and for other commercial operations, as well as in a wide range of infrastructure projects.

The Construction segment designs, manufactures and markets heavy and compact construction equipment, roadbuilding equipment, as well as their related replacement parts and components. Customers use these products in construction and infrastructure projects, in building roads and bridges, in quarrying and mining operations and for material handling applications.

In 2013, the Company divested its Roadbuilding operations in Brazil and most of its Roadbuilding operations in Oklahoma City.

The Cranes segment designs, manufactures, markets, services and refurbishes rough terrain cranes, all terrain cranes, truck cranes, tower cranes, lattice boom crawler cranes, lattice boom truck cranes, utility equipment and truck-mounted cranes (boom trucks), as well as their related replacement parts and components. Customers use these products for construction, repair and maintenance of commercial buildings, manufacturing facilities, construction and maintenance of utility and telecommunication lines, tree trimming and certain construction and foundation drilling applications and a wide range of infrastructure projects. The segment also provides service and support for industrial cranes and aerial products in North America.

The MHPS segment designs, manufactures, markets and services industrial cranes, including standard cranes, process cranes, rope and chain hoists, electric motors, light crane systems and crane components as well as a diverse portfolio of port and rail equipment including mobile harbor cranes, straddle carriers, gantry cranes, ship-to-shore cranes, reach stackers, empty container handlers, full container handlers, general cargo lift trucks, automated stacking cranes, automated guided vehicles and terminal automation technology, including software. The segment operates an extensive global sales and service network. Customers use these products for lifting and material handling at manufacturing and port and rail facilities.

The MP segment designs, manufactures and markets materials processing equipment, including crushers, washing systems, screens, apron feeders, chippers and related components and replacement parts. Customers use MP products in construction, infrastructure and recycling projects, in various quarrying and mining applications, as well as in landscaping and biomass production industries.

The Company assists customers in renting, leasing and acquiring its products through Terex Financial Services (“TFS”). TFS uses its equipment financing experience to provide financing solutions to the Company’s customers.

Subsequent to December 31, 2012, the Company realigned certain operations in an effort to strengthen its ability to service customers and to recognize certain organizational efficiencies. The Company’s Utilities business, formerly part of its AWP segment, is now consolidated within its Cranes segment. The Company’s Crane America Services business, formerly part of its MHPS segment, and its legacy AWP services business, formerly part of its AWP segment, are now consolidated within the Company’s Cranes segment and are run together as the Company’s Terex Services North America business. The historical results have been reclassified to give effect to these changes.

Business segment information is presented below (in millions):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net Sales				
AWP	\$533.3	\$437.7	\$1,649.0	\$1,374.1
Construction	241.7	290.4	796.3	1,042.3
Cranes	453.0	516.1	1,445.1	1,476.4
MHPS	460.6	444.9	1,169.6	1,325.8
MP	147.7	149.9	478.3	509.4
Corporate and Other / Eliminations	(25.7)	(17.0)	(96.4)	(75.1)
Total	\$1,810.6	\$1,822.0	\$5,441.9	\$5,652.9
Income (loss) from Operations				
AWP	\$80.7	\$57.9	\$254.3	\$175.2
Construction	(4.3)	(8.3)	(22.4)	1.3
Cranes	28.9	51.5	84.8	114.1
MHPS	18.5	17.4	(67.8)	28.8
MP	18.9	15.2	55.1	59.1
Corporate and Other / Eliminations	(1.8)	(1.8)	(9.4)	(7.8)
Total	\$140.9	\$131.9	\$294.6	\$370.7

	September 30, 2013	December 31, 2012
Identifiable Assets		
AWP	\$909.5	\$835.8
Construction	1,120.4	1,124.7
Cranes	2,045.9	1,912.5
MHPS	2,939.0	2,946.4
MP	978.3	982.0
Corporate and Other / Eliminations	(1,503.6	) (1,055.2
Total	\$6,489.5	\$6,746.2

NOTE C – INCOME TAXES

During the three months ended September 30, 2013, the Company recognized income tax expense of \$20.8 million on income of \$109.4 million, an effective tax rate of 19.0% as compared to income tax expense of \$8.8 million on income of \$37.1 million, an effective tax rate of 23.7%, for three months ended September 30, 2012. The lower effective tax rate for the three months ended September 30, 2013 was primarily due to reductions in the provision for uncertain tax positions partially offset by the greater impact that income tax benefit items had in the three months ended September 30, 2012 due to the substantially lower profit before tax in that period.

During the nine months ended September 30, 2013, the Company recognized income tax expense of \$64.2 million on income of \$191.7 million, an effective tax rate of 33.5% as compared to income tax expense of \$61.7 million on income of \$192.1 million, an effective tax rate of 32.1%, for the nine months ended September 30, 2012. The higher effective tax rate for the nine months ended September 30, 2013 was primarily due to losses that did not produce tax benefits having a greater impact in the current period than in the prior year period.

The Company and its subsidiaries conduct business globally and file income tax returns in U.S. federal, state and foreign jurisdictions, as required. From a tax perspective, major jurisdictions where the Company is often subject to examination by tax authorities include Australia, Germany, Italy, the United Kingdom and the U.S. Currently, various entities of the Company are under audit in Germany, Italy, the United Kingdom, the U.S. and elsewhere. With few exceptions, including certain subsidiaries in Germany that are under audit, the statute of limitations for the Company and its subsidiaries has, as a practical matter, expired for tax years prior to 2010.

The Company assesses uncertain tax positions for recognition, measurement and effective settlement. Where the Company has determined that its tax return filing position does not satisfy the more likely than not recognition threshold of ASC 740, "Income Taxes," it has recorded no tax benefits. Where the Company has determined that a tax return filing position is more likely than not to be sustained, the Company has measured and recorded the largest amount of tax benefit greater than 50% likely to be realized. The Company recognizes accrued interest and penalties, if any, related to income taxes as (Provision for) benefit from income taxes in its Condensed Consolidated Statement of Income. The Company recorded an income tax benefit of \$22.9 million for the three months ended September 30, 2013, from a net reduction in the provision for uncertain tax positions.

The Company evaluates each reporting period whether it is reasonably possible that material changes to its uncertain tax position liability could occur in the next twelve months. Changes may occur as a result of uncertain tax positions being considered effectively settled, re-measured, paid, acquired or divested, as the result of a change in the accounting rules, tax law or judicial decision, or due to the expiration of the relevant statute of limitations. It is not possible to predict which uncertain tax positions, if any, may be challenged by tax authorities. The timing and impact of income tax audits and their resolution is highly uncertain. New facts, laws and judicial decisions can change assessments concerning technical merit and measurement. The amounts of, or periods in which, changes to reserves

for uncertain tax positions will occur is not generally ascertainable.

The Company evaluates the net realizable value of its deferred tax assets each reporting period. The Company must consider all objective evidence, both positive and negative, in evaluating the future realization of its deferred tax assets, including tax loss carry forwards. Historical information is supplemented by currently available information about future tax years. Realization requires sufficient taxable income to use deferred tax assets. The Company records a valuation allowance for each deferred tax asset for which realization is not assessed as more likely than not. In particular, the assessment by the Company that deferred tax assets will be realized consider available evidence including: (i) estimates of future taxable income generated from various sources, including the continued recovery of operations in the United Kingdom and anticipated future recovery in Brazil, (ii) the reversal of taxable temporary differences, (iii) the anticipated combination of certain businesses in the United Kingdom in the future, which were weighed against losses in the United Kingdom in late 2008 through 2010 and, (iv) 2011 losses in Brazil. If the current estimates of future taxable income are not realized or future estimates of taxable income are reduced, then the assessment regarding the realization of deferred tax assets in certain jurisdictions, including Brazil and the United Kingdom, could change and have a material impact on the statement of income.

NOTE D – DISCONTINUED OPERATIONS

On February 19, 2010, the Company completed the disposition of its Mining business to Bucyrus International, Inc. In 2010, the Company sold all of its Atlas heavy construction equipment and knuckle-boom cranes businesses (collectively, “Atlas”) to Atlas Maschinen GmbH (“Atlas Maschinen”).

The following amounts related to the discontinued operations were derived from historical financial information and have been segregated from continuing operations and reported as discontinued operations in the Condensed Consolidated Statement of Comprehensive Income (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$—	\$—	\$—	\$—
Loss from discontinued operations before income taxes	\$—	\$—	\$—	\$—
(Provision for) benefit from income taxes	5.5	—	5.5	2.5
Income (loss) from discontinued operations – net of tax	\$5.5	\$—	\$5.5	\$2.5
Gain (loss) on disposition of discontinued operations	\$—	\$—	\$3.5	\$2.7
(Provision for) benefit from income taxes	(0.4	) —	(0.9	) (0.4
Gain (loss) on disposition of discontinued operations – net of tax	\$(0.4	) \$—	\$2.6	\$2.3

During the nine months ended September 30, 2013 and 2012, the Company recorded pre-tax gains of \$3.5 million and \$2.7 million, respectively, related to the sale of its Atlas business based on contractually obligated earnings based payments from the purchaser. The Company recorded a cumulative net loss on the sale of Atlas of approximately \$11.0 million, net of tax, through September 30, 2013. During the three and nine months ended September 30, 2013, a tax benefit of \$5.5 million was recognized in discontinued operations for the resolution of uncertain tax positions for certain pre-divestiture years in the Mining business. During the nine months ended September 30, 2012, a tax benefit of \$2.5 million was recognized in discontinued operations for the resolution of uncertain tax positions for certain pre-divestiture years in the Mining business. During the three and nine months ended September 30, 2013 the company recorded a \$0.4 million tax provision related to the sale of the Company’s Mining business. No assets and liabilities were remaining in discontinued operations entities in the Condensed Consolidated Balance Sheet as of September 30, 2013 and December 31, 2012.

NOTE E – EARNINGS PER SHARE

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net income (loss) from continuing operations attributable to Terex Corporation common stockholders	\$89.3	\$30.2	\$131.5	\$134.3
Income (loss) from discontinued operations—net of tax	5.5	—	5.5	2.5
Gain (loss) on disposition of discontinued operations—net of tax	(0.4	) —	2.6	2.3
Net income (loss) attributable to Terex Corporation	\$94.4	\$30.2	\$139.6	\$139.1
Basic shares:				
Weighted average shares outstanding	111.3	110.5	111.1	110.3
Earnings per share – basic:				
Income (loss) from continuing operations	\$0.80	\$0.27	\$1.19	\$1.22
Income (loss) from discontinued operations—net of tax	0.05	—	0.05	0.02
Gain (loss) on disposition of discontinued operations—net of tax	—	—	0.02	0.02
Net income (loss) attributable to Terex Corporation	\$0.85	\$0.27	\$1.26	\$1.26
Diluted shares:				
Weighted average shares outstanding	111.3	110.5	111.1	110.3
Effect of dilutive securities:				
Stock options, restricted stock awards and convertible notes	4.9	2.8	4.9	2.9
Diluted weighted average shares outstanding	116.2	113.3	116.0	113.2
Earnings per share – diluted:				
Income (loss) from continuing operations	\$0.77	\$0.27	\$1.13	\$1.19
Income (loss) from discontinued operations—net of tax	0.04	—	0.05	0.02
Gain (loss) on disposition of discontinued operations—net of tax	—	—	0.02	0.02
Net income (loss) attributable to Terex Corporation	\$0.81	\$0.27	\$1.20	\$1.23

The following table provides information to reconcile amounts reported on the Condensed Consolidated Statement of Comprehensive Income to amounts used to calculate earnings per share attributable to Terex Corporation common stockholders (in millions):

Reconciliation of Amounts Attributable to Common Stockholders

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Income (loss) from continuing operations	\$88.6	\$28.3	\$127.5	\$130.4
Noncontrolling interest attributed to (income) loss from continuing operations	0.7	1.9	4.0	3.9
Income (loss) from continuing operations attributable to common stockholders	\$89.3	\$30.2	\$131.5	\$134.3

Weighted average options to purchase 0.2 million of the Company's common stock, par value \$0.01 per share ("Common Stock"), were outstanding during each of the three and nine months ended September 30, 2013 and 2012, respectively, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 0.4 million shares were outstanding during the three and nine months ended September 30, 2013, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not yet achieved for awards contingent upon performance. Weighted average restricted stock awards of 0.3 million shares were outstanding during the three and nine months ended September 30, 2012, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not yet achieved for awards contingent upon performance. ASC 260, "Earnings per Share," requires that employee stock options and non-vested restricted shares granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Senior Subordinated Notes due 2015 (the "4% Convertible Notes") described in Note K – "Long-Term Obligations" are dilutive to the extent the volume-weighted average price of the Common Stock for the period evaluated was greater than \$16.25 per share and earnings from continuing operations were positive. The volume-weighted average price of the Common Stock was greater than \$16.25 per share for each of the three and nine months ended September 30, 2013 and 2012. The number of shares that were contingently issuable for the 4% Convertible Notes during the three and nine months ended September 30, 2013 was 3.8 million. The number of shares that were contingently issuable for the 4% Convertible Notes during the three and nine months ended September 30, 2012 was 2.2 million. In August 2012, the Company repurchased approximately 25% of the principal amount outstanding of the 4% Convertible Notes. See Note K – "Long-Term Obligations."

NOTE F – INVENTORIES

Inventories consist of the following (in millions):

	September 30, 2013	December 31, 2012
Finished equipment	\$468.4	\$485.4
Replacement parts	190.4	201.4
Work-in-process	586.2	507.4
Raw materials and supplies	497.9	521.4
Inventories	\$1,742.9	\$1,715.6

Reserves for lower of cost or market value, excess and obsolete inventory were \$149.1 million and \$135.6 million at September 30, 2013 and December 31, 2012, respectively.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – net consist of the following (in millions):

	September 30, 2013	December 31, 2012
Property	\$120.6	\$123.0
Plant	409.9	396.9
Equipment	753.0	713.3

Edgar Filing: TEREX CORP - Form 10-Q

Property, plant and equipment – gross	1,283.5	1,233.2	
Less: Accumulated depreciation	(490.1	) (419.9)
Property, plant and equipment – net	\$793.4	\$813.3	

14

NOTE H – GOODWILL AND INTANGIBLE ASSETS, NET

An analysis of changes in the Company's goodwill by business segment is as follows (in millions):

	AWP	Construction	Cranes	MHPS	MP	Total
Balance at December 31, 2012, gross	\$ 139.9	\$ 438.8	\$ 233.9	\$ 732.8	\$ 204.7	\$ 1,750.1
Accumulated impairment	(38.6)	(438.8)	(4.2)	—	(23.2)	(504.8)
Balance at December 31, 2012, net ⁽¹⁾	101.3	—	229.7	732.8	181.5	1,245.3
Foreign exchange effect and other	0.3	—	0.5	(3.6)	(0.6)	(3.4)
Balance at September 30, 2013, gross	140.2	438.8	234.4	729.2	204.1	1,746.7
Accumulated impairment	(38.6)	(438.8)	(4.2)	—	(23.2)	(504.8)
Balance at September 30, 2013, net	\$ 101.6	\$ —	\$ 230.2	\$ 729.2	\$ 180.9	\$ 1,241.9

(1) Includes a \$10.8 million net reclassification of goodwill from AWP to Cranes and a net \$20.5 million reclassification from MHPS to Cranes related to segment realignment. See Note A – “Basis of Presentation.”

Intangible assets, net were comprised of the following as of September 30, 2013 and December 31, 2012 (in millions):

	Weighted Average Life (in years)	September 30, 2013			December 31, 2012		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:							
Technology	8	\$ 88.6	\$ 46.3	\$ 42.3	\$ 87.9	\$ 36.5	\$ 51.4
Customer Relationships	15	353.5	98.2	255.3	353.5	78.9	274.6
Land Use Rights	57	18.2	1.4	16.8	17.0	1.1	15.9
Other	7	52.0	39.3	12.7	51.9	38.1	13.8
Total definite-lived intangible assets		\$ 512.3	\$ 185.2	\$ 327.1	\$ 510.3	\$ 154.6	\$ 355.7
Indefinite-lived intangible assets:							
Tradenames		\$ 121.8			\$ 118.7		
Total indefinite-lived intangible assets		\$ 121.8			\$ 118.7		

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012	September 30, 2013	2012
Aggregate Amortization Expense	\$ 10.4	10.3	\$ 32.3	32.0

Estimated aggregate intangible asset amortization expense (in millions) for the next five years is as follows:

2013	\$ 37.5
2014	\$ 36.2
2015	\$ 35.0
2016	\$ 33.5
2017	\$ 29.7

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company may enter into two types of derivatives to hedge its interest rate exposure and foreign currency exposure: hedges of fair value exposures and hedges of cash flow exposures. Fair value exposures relate to recognized assets or liabilities and firm commitments, while cash flow exposures relate to

the variability of future cash flows associated with recognized assets or liabilities or forecasted transactions.

The Company operates internationally, with manufacturing and sales facilities in various locations around the world, and uses certain financial instruments to manage its foreign currency, interest rate and fair value exposures. To qualify a derivative as a hedge at inception and throughout the hedge period, the Company formally documents the nature and relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions, and the method of assessing hedge effectiveness. Additionally, for hedges of forecasted transactions, the significant characteristics and expected terms of a forecasted transaction must be specifically identified, and it must be probable that each forecasted transaction will occur. If it is deemed probable that the forecasted transaction will not occur, then the gain or loss would be recognized in current earnings. Financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. The Company does not engage in trading or other speculative use of financial instruments.

The Company has used and may use forward contracts and options to mitigate its exposure to changes in foreign currency exchange rates on third party and intercompany forecasted transactions. The primary currencies to which the Company is exposed are the Euro, British Pound and Australian Dollar. The effective portion of unrealized gains and losses associated with forward contracts and the intrinsic value of option contracts are deferred as a component of Accumulated other comprehensive income until the underlying hedged transactions are reported in the Company's Condensed Consolidated Statement of Comprehensive Income. The Company has used and may use interest rate swaps to mitigate its exposure to changes in interest rates related to existing issuances of variable rate debt and changes in the fair value of fixed rate debt. Primary exposure includes movements in the London Interbank Offer Rate ("LIBOR").

Changes in the fair value of derivatives designated as fair value hedges are recognized in earnings as offsets to changes in fair value of exposures being hedged. The change in fair value of derivatives designated as cash flow hedges are deferred in Accumulated other comprehensive income and are recognized in earnings as hedged transactions occur. Contracts deemed ineffective are recognized in earnings immediately.

In the Condensed Consolidated Statement of Comprehensive Income, the Company recorded hedging activity related to debt instruments in interest expense and hedging activity related to foreign currency in the accounts for which the hedged items are recorded. On the Condensed Consolidated Statement of Cash Flows, the Company records cash flows from hedging activities in the same manner as it records the underlying item being hedged.

The Company is also a party to currency exchange forward contracts that generally mature within one year to manage its exposure to changing currency exchange rates. At September 30, 2013, the Company had \$536.3 million notional amount of currency exchange forward contracts outstanding, most of which mature on or before September 30, 2014. The fair market value of these contracts at September 30, 2013 was a net gain of \$4.8 million. At September 30, 2013, \$454.9 million notional amount (\$4.5 million of fair value gains) of these forward contracts have been designated as, and are effective as, cash flow hedges of forecasted and specifically identified transactions. During 2013 and 2012, the Company recorded the change in fair value for these cash flow hedges to Accumulated other comprehensive income and reclassified to earnings a portion of the deferred gain or loss from Accumulated other comprehensive income as the hedged transactions occurred and were recognized in earnings.

The Company records the interest rate swap and foreign exchange contracts at fair value on a recurring basis. There were no interest rate swaps recorded as of September 30, 2013 and December 31, 2012. The foreign exchange contracts designated as hedging instruments are categorized under Level 1 of the ASC 820 hierarchy and are recorded at September 30, 2013 and December 31, 2012 as a net asset of \$4.8 million and net liability of \$0.4 million, respectively. See Note A – "Basis of Presentation," for an explanation of the ASC 820 hierarchy. The fair values of these foreign exchange forward contracts are based on quoted forward foreign exchange prices at the reporting date. The fair values of these contracts are based on the contract rate specified at the anticipated contracts' settlement date and

quoted forward foreign exchange prices at the reporting date.

The Company uses forward foreign exchange contracts to mitigate its exposure to changes in foreign currency exchange rates on third party and intercompany forecasted transactions. Certain of these contracts have not been designated as hedging instruments. The foreign exchange contracts are accounted for as financial assets or financial liabilities and measured at fair value at the balance sheet date and are categorized under Level 1 of the ASC 820 hierarchy. The fair values of these foreign exchange forward contracts are based on quoted forward foreign exchange prices at the reporting date. Changes in the fair value of derivative financial instruments are recognized as gains or losses in Cost of goods sold or Other income (expense) - net in the Condensed Consolidated Statement of Comprehensive Income.

The following table provides the location and fair value amounts of derivative instruments designated as hedging instruments that are reported in the Condensed Consolidated Balance Sheet (in millions):

Asset Derivatives	Balance Sheet Account	September 30, 2013	December 31, 2012
Foreign exchange contracts	Other current assets	\$ 10.3	\$ 5.2
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	\$ 5.5	\$ 5.6
Total Derivatives		\$ 4.8	\$ (0.4)

The following table provides the location and fair value amounts of derivative instruments not designated as hedging instruments that are reported in the Condensed Consolidated Balance Sheet (in millions):

Asset Derivatives	Balance Sheet Account	September 30, 2013	December 31, 2012
Foreign exchange contracts	Other current assets	\$ 2.3	\$ 1.2
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	\$ 2.0	\$ —
Total Derivatives		\$ 0.3	\$ 1.2

The following tables provide the effect of derivative instruments that are designated as hedges in the Condensed Consolidated Statement of Comprehensive Income and AOCI (in millions):

Gain (Loss) Recognized on Derivatives in Income:		Three Months Ended September 30,		Nine Months Ended September 30,	
Fair Value Derivatives	Location	2013	2012	2013	2012
Interest rate contract	Interest expense	\$ —	\$ 4.7	\$ —	\$ 14.0
Gain (Loss) Recognized on Derivatives in AOCI:		Three Months Ended September 30,		Nine Months Ended September 30,	
Cash Flow Derivatives		2013	2012	2013	2012
Foreign exchange contracts		\$ 0.6	\$ 1.5	\$ 3.5	\$ 3.3
(Loss) Gain Reclassified from AOCI into Income (Effective):		Three Months Ended September 30,		Nine Months Ended September 30,	
Account		2013	2012	2013	2012
Cost of goods sold		\$ 1.2	\$ (1.8)	\$ 0.6	\$ (4.7)
Other income (expense) – net		1.1	(1.9)	0.3	(6.0)
Total		\$ 2.3	\$ (3.7)	\$ 0.9	\$ (10.7)
Gain (Loss) Recognized on Derivatives (Ineffective) in Income:		Three Months Ended September 30,		Nine Months Ended September 30,	
Account		2013	2012	2013	2012
Other income (expense) – net		\$ (1.6)	\$ 2.6	\$ 0.5	\$ 4.9

The following table provides the effect of derivative instruments that are not designated as hedges in the Condensed Consolidated Statement of Comprehensive Income (in millions):

Gain (Loss) Recognized on Derivatives not designated as hedges in Income:		Three Months Ended September 30,		Nine Months Ended September 30,	
Account		2013	2012	2013	2012
Cost of goods sold		\$ 0.5	\$ 0.6	\$ 0.8	\$ (1.4)
Other income (expense) – net		(0.5)	0.3	(1.4)	(0.7)
Total		\$ —	\$ 0.9	\$ (0.6)	\$ (2.1)

Counterparties to the Company's interest rate swap agreement and currency exchange forward contracts are major financial institutions with credit ratings of investment grade or better and no collateral is required. There are no significant risk concentrations. Management continues to monitor counterparty risk and believes the risk of incurring losses on derivative contracts related to credit risk is unlikely and any losses would be immaterial.

Unrealized net gains (losses), net of tax, included in AOCI are as follows (in millions):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Balance at beginning of period	\$2.5	\$(1.8)	\$(0.4)	\$(3.6)
Additional gains (losses) – net	2.4	(0.4)	4.3	(2.7)
Amounts reclassified to earnings	(1.8)	1.9	(0.8)	6.0
Balance at end of period	\$3.1	\$(0.3)	\$3.1	\$(0.3)

The estimated amount of existing gains for derivative contracts recorded in AOCI as of September 30, 2013 that are expected to be reclassified into earnings in the next twelve months is \$3.1 million.

NOTE J – RESTRUCTURING AND OTHER CHARGES

The Company continually evaluates its cost structure to be appropriately positioned to respond to changing market conditions. From time to time the Company may initiate certain restructuring programs to better utilize its workforce and optimize facility utilization to match the demand for its products.

During the second quarter of 2013, the Company established a restructuring program in the Construction segment related to the distribution organization for Europe, the Middle East and Asia. This program will result in a more decentralized distribution function. The program is expected to cost \$1.9 million, result in the reduction of 19 team members and be completed in 2013.

During the second quarter of 2013, the Company established a restructuring program in the MHPS segment resulting in the consolidation of certain production facilities and the redesign of certain back office functions. The program is expected to cost \$24.7 million, result in the reduction of 299 team members and be completed in 2014.

During the fourth quarter of 2012, the Company established a restructuring program in the Construction segment related to its compact construction operations in Germany to concentrate the segment on its core processes and competencies. This program resulted in the sale, closure or phase-out of several businesses in Germany. The program is expected to cost \$11.7 million, result in the reduction of 250 team members and be completed in 2013.

During the fourth quarter of 2012, the Company established a restructuring program in the MHPS segment to realize cost synergies and to optimize the selling, general and administrative expense structure. This program resulted in the closing of a production site in Spain and outsourcing of the related future production. The program is expected to cost \$3.0 million, result in the reduction of 26 team members and is expected to be completed in 2013.

During the second quarter of 2011, the Company established a restructuring program within the MHPS segment to optimize facility utilization and consolidate certain manufacturing operations. These programs are expected to cost \$25.6 million and result in the reduction of 206 team members. This program was completed in 2012, except for the payment of certain benefits mandated by governmental agencies.

The following table provides information for all restructuring activities by segment of the amount of expense incurred during the nine months ended September 30, 2013, the cumulative amount of expenses incurred since inception of the

programs from 2011 through 2013 and the total amount expected to be incurred (in millions):

	Amount incurred during the nine months ended September 30, 2013	Cumulative amount incurred through September 30, 2013	Total amount expected to be incurred
Construction	\$2.1	\$15.5	\$15.5
MHPS	26.0	65.5	65.5
Total	\$28.1	\$81.0	\$81.0

The following table provides information by type of restructuring activity with respect to the amount of expense incurred during the nine months ended September 30, 2013, the cumulative amount of expenses incurred since inception and the total amount expected to be incurred (in millions):

	Employee Termination Costs	Facility Exit Costs	Asset Disposal and Other Costs	Total
Amount incurred in the nine months ended September 30, 2013	\$27.8	\$0.3	\$—	\$28.1
Cumulative amount incurred through September 30, 2013	\$64.4	\$6.8	\$9.8	\$81.0
Total amount expected to be incurred	\$64.4	\$6.8	\$9.8	\$81.0

The following table provides a roll forward of the restructuring reserve by type of restructuring activity for the nine months ended September 30, 2013 (in millions):

	Employee Termination Costs	Facility Exit Costs	Asset Disposal and Other Costs	Total
Restructuring reserve at December 31, 2012	\$17.1	\$0.2	\$—	\$17.3
Restructuring charges	27.8	0.3	—	28.1
Cash expenditures	(6.2	) (0.5	) —	(6.7
Restructuring reserve at September 30, 2013	\$38.7	\$—	\$—	\$38.7

NOTE K – LONG-TERM OBLIGATIONS

2011 Credit Agreement

The Company entered into an amended and restated credit agreement (the “2011 Credit Agreement”) on August 5, 2011, with the lenders party thereto and Credit Suisse AG, as administrative agent and collateral agent.

The 2011 Credit Agreement provided the Company with a \$460.1 million term loan and a €200.0 million term loan. The term loans are scheduled to mature on April 28, 2017. In addition, the 2011 Credit Agreement provides the Company with a revolving line of credit of up to \$500 million. The revolving line of credit consists of \$250 million of available domestic revolving loans and \$250 million of available multicurrency revolving loans. The revolving lines of credit are scheduled to mature on April 29, 2016.

On October 12, 2012, the Company and its lenders entered into an amendment of the 2011 Credit Agreement (the “Amendment”). As a result of the Amendment, the Company reduced the interest rates on its U.S. Dollar and Euro denominated term loans. Additionally, the Amendment also provided greater flexibility for the Company (i) for complying with its financial covenants, (ii) in issuing additional debt under the credit agreement and (iii) in the Company’s covenant baskets for additional letter of credit facilities, maximum letter of credit exposure, acquired debt, foreign subsidiary debt, general debt, restricted payments, receivables transactions and prepayment of other debt.

The 2011 Credit Agreement allows unlimited incremental commitments, which may be extended at the option of the lenders and can be in the form of revolving credit commitments, term loan commitments, or a combination of both as long as the Company satisfies a secured debt financial ratio contained in the credit facilities.

The 2011 Credit Agreement requires the Company to comply with a number of covenants which include certain financial tests, as defined in the 2011 Credit Agreement. The minimum required levels of the interest coverage ratio shall be 2.5 to 1.00. The maximum permitted levels of the senior secured leverage ratio shall be 2.5 to 1.00.

The covenants also limit, in certain circumstances, the Company's ability to take a variety of actions, including: incur indebtedness; create or maintain liens on its property or assets; make investments, loans and advances; repurchase shares of its Common Stock; engage in acquisitions, mergers, consolidations and asset sales; redeem debt; and pay dividends and distributions. The 2011 Credit Agreement also contains customary default provisions. The Company's future compliance with its financial covenants under the 2011 Credit Agreement will depend on its ability to generate earnings and manage its interest expense and senior secured debt effectively. The 2011 Credit Agreement also has various non-financial covenants, both requiring the Company to refrain from taking certain future actions (as described above) and requiring the Company to take certain actions, such as keeping in good standing its corporate existence, maintaining insurance, and providing its bank lending group with financial information on a timely basis.

On May 16, 2013, the Company repaid \$110.0 million of the outstanding U.S. dollar denominated term loan and €83.5 million of the outstanding Euro denominated term loan under the 2011 Credit Agreement. As a result of the repayment the Company recorded a loss on early extinguishment of debt of \$5.2 million in the Condensed Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2013. During the three months ended September 30, 2013 the Company borrowed €170.0 million on its revolving credit line to fund its purchase of noncontrolling interest shares in Terex Material Handling & Port Solutions AG ("TMHPS AG"). The Company repaid €135.0 million of this borrowing with available cash during the three months ended September 30, 2013.

As of September 30, 2013 and December 31, 2012, the Company had \$493.8 million and \$710.1 million in U.S. dollar and Euro denominated term loans outstanding under the 2011 Credit Agreement. The Company had €35.0 million in revolving credit amounts outstanding as of September 30, 2013. The Company had no revolving credit amounts outstanding as of December 31, 2012.

The 2011 Credit Agreement incorporates facilities for issuance of letters of credit up to \$300 million. Letters of credit issued under the 2011 Credit Agreement letter of credit facility decrease availability under the \$500 million revolving line of credit. As of September 30, 2013 and December 31, 2012, the Company had letters of credit issued under the 2011 Credit Agreement that totaled \$57.0 million and \$45.4 million, respectively. The 2011 Credit Agreement also permits the Company to have additional letter of credit facilities up to \$200 million, and letters of credit issued under such additional facilities do not decrease availability under the revolving line of credit. The Company had letters of credit issued under the additional letter of credit facilities of the 2011 Credit Agreement that totaled \$3.1 million as of September 30, 2013 and December 31, 2012.

The Company also has bilateral arrangements to issue letters of credit with various other financial institutions. These additional letters of credit do not reduce the Company's availability under the 2011 Credit Agreement. The Company had letters of credit issued under these additional arrangements of \$239.2 million and \$275.5 million as of September 30, 2013 and December 31, 2012, respectively.

In total, as of September 30, 2013 and December 31, 2012, the Company had letters of credit outstanding of \$299.3 million and \$324.0 million, respectively.

The Company and certain of its subsidiaries agreed to take certain actions to secure borrowings under the 2011 Credit Agreement. As a result, the Company and certain of its subsidiaries entered into a Guarantee and Collateral Agreement with Credit Suisse, as collateral agent for the lenders, granting security to the lenders for amounts borrowed under the 2011 Credit Agreement. The Company is required to (a) pledge as collateral the capital stock of the Company's material domestic subsidiaries and 65% of the capital stock of certain of the Company's material foreign subsidiaries, and (b) provide a first priority security interest in, and mortgages on, substantially all of the Company's domestic assets.

6-1/2% Senior Notes

On March 27, 2012, the Company sold and issued \$300 million aggregate principal amount of Senior Notes Due 2020 (“6-1/2% Notes”) at par. The proceeds from these notes were used for general corporate purposes, including cash requirements resulting from the termination of the Demag Cranes AG Credit Agreement. The 6-1/2% Notes are redeemable by the Company beginning in April 2016 at an initial redemption price of 103.250% of principal amount. The 6-1/2% Notes are jointly and severally guaranteed by certain of the Company’s domestic subsidiaries (see Note O – “Consolidating Financial Statements”).

6% Senior Notes

On November 26, 2012, the Company sold and issued \$850 million aggregate principal amount of Senior Notes due 2021 (“6% Notes”) at par. The proceeds from this offering plus other cash was used to redeem all \$800 million principal amount of the outstanding 8% Senior Subordinated Notes. The 6% Notes are redeemable by the Company beginning in November 2016 at an initial redemption price of 103.0% of principal amount. The 6% Notes are jointly and severally guaranteed by certain of the Company’s domestic subsidiaries (see Note O – “Consolidating Financial Statements”).

4% Convertible Senior Subordinated Notes

On June 3, 2009, the Company sold and issued \$172.5 million aggregate principal amount of 4% Convertible Notes. In certain circumstances and during certain periods, the 4% Convertible Notes will be convertible at an initial conversion rate of 61.5385 shares of Common Stock per \$1,000 principal amount of convertible notes, equivalent to an initial conversion price of approximately \$16.25 per share of Common Stock, subject to adjustment in some events. Upon conversion, Terex will deliver cash up to the aggregate principal amount of the 4% Convertible Notes to be converted and shares of Common Stock with respect to the remainder, if any, of Terex’s convertible obligation in excess of the aggregate principal amount of the 4% Convertible Notes being converted. The 4% Convertible Notes are jointly and severally guaranteed by certain of the Company’s domestic subsidiaries (see Note O – “Consolidating Financial Statements”).

The Company, as issuer of the 4% Convertible Notes, must separately account for the liability and equity components of the 4% Convertible Notes in a manner that reflects the Company’s nonconvertible debt borrowing rate at the date of issuance when interest cost is recognized in subsequent periods. The Company allocated \$54.3 million of the \$172.5 million principal amount of the 4% Convertible Notes to the equity component, which represents a discount to the debt and will be amortized into interest expense using the effective interest method through June 2015. The Company recorded a related deferred tax liability of \$19.4 million on the equity component. During the third quarter of 2012, the Company purchased approximately 25% of the outstanding 4% Convertible Notes. The balance of the 4% Convertible Notes was \$114.7 million at September 30, 2013. The Company recognized interest expense of \$9.4 million on the 4% Convertible Notes for the nine months ended September 30, 2013. The interest expense recognized for the 4% Convertible Notes will increase as the discount is amortized using the effective interest method, which accretes the debt balance over its term to \$128.8 million at maturity. Interest expense on the 4% Convertible Notes throughout its term includes 4% annually of cash interest on the maturity balance of \$128.8 million plus non-cash interest expense accreted to the debt balance as described.

Based on indicative price quotations from financial institutions multiplied by the amount recorded on the Company’s Condensed Consolidated Balance Sheet (“Book Value”), the Company estimates the fair values (“FV”) of its debt set forth below as of September 30, 2013, as follows (in millions, except for quotes):

	Book Value	Quote	FV
6% Notes	\$850.0	\$1.01500	\$863
4% Convertible Notes (net of discount)	\$114.7	\$2.12125	\$243
6-1/2% Notes	\$300.0	\$1.05250	\$316
2011 Credit Agreement Term Loan (net of discount) – USD	\$341.1	\$1.00500	\$343
2011 Credit Agreement Term Loan (net of discount) – EUR	\$200.1	\$1.00750	\$202

The fair value of debt reported in the table above is based on price quotations on the debt instrument in an active market and therefore categorized under Level 1 of the ASC 820 hierarchy. See Note A – “Basis of Presentation,” for an explanation of the ASC 820 hierarchy. The Company believes that the carrying value of its other borrowings approximates fair market value based on maturities for debt of similar terms. The fair value of these other borrowings

are categorized under Level 2 of the ASC 820 hierarchy.

NOTE L – RETIREMENT PLANS AND OTHER BENEFITS

Pension Plans

U.S. Plans – As of September 30, 2013, the Company maintained one qualified defined benefit pension plan covering certain domestic employees (the “Terex Plan”). Participation in the Terex Plan for all employees has been frozen. Participants are credited with post-freeze service for purposes of determining vesting and retirement eligibility only. The benefits covering salaried employees are based primarily on years of service and employees’ qualifying compensation during the final years of employment. The benefits covering bargaining unit employees are based primarily on years of service and a flat dollar amount per year of service. It is the Company’s policy generally to fund the Terex Plan based on the requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). Plan assets consist primarily of common stocks, bonds and short-term cash equivalent funds.

The Company maintains a nonqualified Supplemental Executive Retirement Plan (“SERP”). The SERP provides retirement benefits to certain senior executives of the Company. Generally, the SERP provides a benefit based on average salary and bonus earned over a participant’s final five years of employment and years of service reduced by benefits earned under any Company retirement program, excluding salary deferrals and matching contributions. In addition, benefits are reduced by Social Security Primary Insurance Amounts attributable to Company contributions. The SERP is unfunded and participation in the SERP has been frozen. The Company also maintains a non-qualified unfunded defined contribution plan for certain other senior executives who are not eligible for the SERP.

Other Postemployment Benefits

The Company has several non-pension post-retirement benefit programs. The Company provides postemployment health and life insurance benefits to certain former salaried and hourly employees. The health care programs are contributory, with participants’ contributions adjusted annually, and the life insurance plan is noncontributory.

Information regarding the Company’s U.S. plans, including the SERP, was as follows (in millions):

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Components of net periodic cost:				
Service cost	\$0.3	\$0.3	\$0.8	\$0.9
Interest cost	1.7	1.8	5.1	5.4
Expected return on plan assets	(2.3	) (2.2	) (6.8	) (6.6
Amortization of prior service cost	—	—	0.1	0.1
Amortization of actuarial loss	1.1	1.3	3.3	3.8
Net periodic cost	\$0.8	\$1.2	\$2.5	\$3.6
	Other Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Components of net periodic cost:				
Interest cost	\$0.1	\$0.1	\$0.2	\$0.3
Amortization of actuarial loss	—	—	0.1	0.1
Net periodic cost	\$0.1	\$0.1	\$0.3	\$0.4

Non-U.S. Plans – The Company maintains defined benefit plans in France, Germany, India, Switzerland and the United Kingdom for some of its subsidiaries. The United Kingdom plan is a funded plan and the Company funds this plan in accordance with funding regulations in the United Kingdom and a negotiated agreement between the Company and the plan’s trustees. The plans in France, Germany and India are unfunded plans. For the Company’s operations in Austria, Italy and Korea there are mandatory termination indemnity plans providing a benefit that is payable upon termination of employment in substantially all cases of termination. The Company records this obligation based on the mandated requirements. The measure of the current obligation is not dependent on the employees’ future service and therefore is measured at current value.

Information regarding the Company’s non-U.S. plans was as follows (in millions):

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Components of net periodic cost:				
Service cost	\$2.1	\$1.5	\$6.2	\$4.8
Interest cost	4.1	4.1	12.2	12.4
Expected return on plan assets	(1.8	) (1.7	) (5.2	) (5.0
Employee contributions	(0.3	) (0.1	) (0.5	) (0.3
Amortization of actuarial loss	1.4	0.2	4.1	0.6
Net periodic cost	\$5.5	\$4.0	\$16.8	\$12.5

NOTE M – LITIGATION AND CONTINGENCIES

General

The Company is involved in various legal proceedings, including product liability, general liability, workers’ compensation liability, employment, commercial and intellectual property litigation, which have arisen in the normal course of operations. The Company is insured for product liability, general liability, workers’ compensation, employer’s liability, property damage and other insurable risk required by law or contract, with retained liability or deductibles. The Company has recorded and maintains an estimated liability in the amount of management’s estimate of the Company’s aggregate exposure for such retained liabilities and deductibles. For such retained liabilities and deductibles, the Company determines its exposure based on probable loss estimations, which requires such losses to be both probable and the amount or range of probable loss to be estimable. The Company believes it has made appropriate and adequate reserves and accruals for its current contingencies and that the likelihood of a material loss beyond the amounts accrued is remote except for those cases disclosed below where the Company includes a range of the possible loss. The Company believes that the outcome of such matters, individually and in the aggregate, will not have a material adverse effect on its consolidated financial position. However, the outcomes of lawsuits cannot be predicted and, if determined adversely, could ultimately result in the Company incurring significant liabilities which could have a material adverse effect on its results of operations.

ERISA, Securities and Stockholder Derivative Lawsuits

The Company has received complaints seeking certification of class action lawsuits in an ERISA lawsuit, a securities lawsuit and a stockholder derivative lawsuit as follows:

A consolidated complaint in the ERISA lawsuit was filed in the United States District Court, District of Connecticut on September 20, 2010 and is entitled In Re Terex Corp. ERISA Litigation.

A consolidated class action complaint for violations of securities laws in the securities lawsuit was filed in the United States District Court, District of Connecticut on November 18, 2010 and is entitled Sheet Metal Workers Local 32 Pension Fund and Ironworkers St. Louis Council Pension Fund, individually and on behalf of all others similarly situated v. Terex Corporation, et al.

A stockholder derivative complaint for violation of the Securities and Exchange Act of 1934, breach of fiduciary duty, waste of corporate assets and unjust enrichment was filed on April 12, 2010 in the United States District Court, District of Connecticut and is entitled Peter Derrer, derivatively on behalf of Terex Corporation v. Ronald M. DeFeo, Phillip C. Widman, Thomas J. Riordan, G. Chris Andersen, Donald P. Jacobs, David A. Sachs, William H. Fike, Donald DeFosset, Helge H. Wehmeier, Paula H.J. Cholmondeley, Oren G. Shaffer, Thomas J. Hansen, and David C. Wang, and Terex Corporation.

These lawsuits generally cover the period from February 2008 to February 2009 and allege, among other things, that certain of the Company's SEC filings and other public statements contained false and misleading statements which resulted in damages to the Company, the plaintiffs and the members of the purported class when they purchased the Company's securities and in the ERISA lawsuit and the stockholder derivative complaint, that there were breaches of fiduciary duties and of ERISA disclosure requirements. The stockholder derivative complaint also alleges waste of corporate assets relating to the repurchase of the Company's shares in the market and unjust enrichment as a result of securities sales by certain officers and directors. The complaints all seek, among other things, unspecified compensatory damages, costs and expenses. As a result, the Company is unable to estimate a possible loss or a range of losses for these lawsuits. The stockholder derivative complaint also seeks amendments to the Company's corporate governance procedures in addition to unspecified compensatory damages from the individual defendants in its favor.

The Company believes that the allegations in the suits are without merit, and Terex, its directors and the named executives will continue to vigorously defend against them. The Company believes that it has acted, and continues to act, in compliance with federal securities laws and ERISA law with respect to these matters. Accordingly, on November 19, 2010 the Company filed a motion to dismiss the ERISA lawsuit and on January 18, 2011 the Company filed a motion to dismiss the securities lawsuit. These motions are currently pending before the court. The plaintiff in the stockholder derivative lawsuit has agreed with the Company to put this lawsuit on hold pending the outcome of the motion to dismiss in connection with the securities lawsuit.

Powerscreen Patent Infringement Lawsuit

On December 6, 2010, the Company received an adverse jury verdict in the amount of \$15.8 million in a patent infringement lawsuit brought against Powerscreen International Distribution Limited and Terex by Metso Minerals Inc. in the United States District Court for the Eastern District of New York. The Company previously reported that it had appealed the verdict and believed that it would ultimately succeed on appeal. On May 14, 2013, the Company prevailed on appeal and the jury verdict and judgment were reversed in the Company's favor.

Other

The Company's outstanding letters of credit totaled \$299.3 million at September 30, 2013. The letters of credit generally serve as collateral for certain liabilities included in the Condensed Consolidated Balance Sheet. Certain letters of credit serve as collateral guaranteeing the Company's performance under contracts.

Credit Guarantees

Customers of the Company from time to time may fund the acquisition of the Company's equipment through third-party finance companies. In certain instances, the Company may provide a credit guarantee to the finance company, by which the Company agrees to make payments to the finance company should the customer default. The maximum liability of the Company is generally limited to its customer's remaining payments due to the finance company at the time of default. In the event of customer default, the Company is generally able to recover and dispose of the equipment at a minimum loss, if any, to the Company.

As of September 30, 2013 and December 31, 2012, the Company's maximum exposure to such credit guarantees was \$54.3 million and \$64.3 million, respectively, including total guarantees issued by Terex Cranes Germany GmbH, part of the Cranes segment, of \$36.2 million and \$45.8 million, respectively; and Genie Holdings, Inc. and its affiliates ("Genie"), part of the AWP segment, of \$7.8 million and \$9.7 million, respectively. The terms of these guarantees coincide with the financing arranged by the customer and generally do not exceed five years. Given the Company's position as the original equipment manufacturer and its knowledge of end markets, the Company, when called upon to fulfill a guarantee, generally has been able to liquidate the financed equipment at a minimal loss, if any, to the Company.

There can be no assurance that historical credit default experience will be indicative of future results. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in effect at the time of loss.

Residual Value and Buyback Guarantees

The Company issues residual value guarantees under sales-type leases. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. The maximum exposure for residual value guarantees issued by the Company totaled \$2.6 million and \$5.7 million as of September 30, 2013 and December 31, 2012, respectively. The Company is generally able to mitigate some of the risk associated with these guarantees because the maturity of the guarantees is staggered, limiting the amount of used equipment entering the marketplace at any one time.

The Company from time to time guarantees that it will buy equipment from its customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. As of September 30, 2013 and December 31, 2012, the Company's maximum exposure pursuant to buyback guarantees was \$44.8 million and \$73.8 million, respectively, including total guarantees issued by Genie of \$9.9 million and \$25.3 million, respectively. Included in the September 30, 2013 and December 31, 2012 amounts are guarantees issued by entities in the MHPS segment of \$34.3 million and \$43.6 million, respectively. The Company is generally able to mitigate some of the risk of these guarantees by staggering the timing of the buybacks and through leveraging its access to the used equipment markets provided by the Company's original equipment manufacturer status.

The Company has recorded an aggregate liability within Other current liabilities and Other non-current liabilities in the Condensed Consolidated Balance Sheet of approximately \$4 million and \$6 million as of September 30, 2013 and December 31, 2012, respectively, for the estimated fair value of all guarantees provided.

There can be no assurance that the Company's historical experience in used equipment markets will be indicative of future results. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in the used equipment markets at the time of loss.

NOTE N – STOCKHOLDERS' EQUITY

Total non-stockholder changes in equity (comprehensive income) include all changes in equity during a period except those resulting from investments by, and distributions to, stockholders. The specific components include: net income, deferred gains and losses resulting from foreign currency translation, pension liability adjustments, equity security adjustments and deferred gains and losses resulting from derivative hedging transactions. Total non-stockholder changes in equity were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2013	2012	2013	2012	
Net income (loss)	\$93.7	\$28.3	\$135.6	\$135.2	
Other comprehensive income (loss), net of tax:					
Cumulative translation adjustment, net of (provision for) benefit from taxes of \$1.1, \$0.4, \$(1.8) and \$(2.8) respectively	90.7	43.0	(26.4	) 10.3
Derivative hedging adjustment, net of (provision for) benefit from taxes of \$(1.5), \$(1.4), \$(0.9) and \$(2.3) respectively	0.6	1.6	3.5	3.4	
Debt and equity securities adjustment, net of (provision for) benefit from taxes of \$0, \$0.2, \$0.6 and \$(0.6), respectively	—	(0.4	) (1.9	) 1.0
Pension Liability adjustment:					
Amortization of actuarial (gain) loss, net of provision for (benefit from) taxes of \$(0.8), \$(5.5), \$(2.3) and \$(6.2) respectively	1.7	(4.0) 5.2	(1.7)
	—	—	0.1	0.1	

Edgar Filing: TEREX CORP - Form 10-Q

Amortization of prior service cost, net of provision for (benefit from) taxes of \$0, \$0, \$0 and \$0 respectively				
Foreign exchange and other effects, net of (provision for) benefit from taxes of \$1.4, \$4.5, \$1.2 and \$4.9, respectively	(3.4	) 3.3	(2.6	) 3.8
Total pension liability adjustment	(1.7	) (0.7	) 2.7	2.2
Other comprehensive income (loss)	89.6	43.5	(22.1	) 16.9
Comprehensive income (loss)	183.3	71.8	113.5	152.1
Comprehensive loss (income) attributable to noncontrolling interest	0.7	1.9	4.0	3.9
Comprehensive income (loss) attributable to Terex Corporation	\$184.0	\$73.7	\$117.5	\$156.0

25

Changes in Accumulated Other Comprehensive Income

The table below presents changes in AOCI by component for the three and nine months ended September 30, 2013. All amounts are net of tax (in millions).

	Cumulative Translation Adjustments	Derivative Hedging Adjustments	Unrealized Gains and Losses on Debt and Equity Securities	Pension Liability Adjustments	Total
Beginning balance - January 1, 2013	\$ 14.1	\$ (0.4	) \$1.9	(139.7	) \$(124.1)
Other comprehensive income before reclassifications	(75.6	) (2.9	) —	1.7	(76.8)
Amounts reclassified from AOCI ⁽¹⁾	(2.6	) 0.6	(1.9	) 1.8	\$(2.1)
Net Other Comprehensive Income (Loss)	(78.2	) (2.3	) (1.9	) 3.5	(78.9)
Ending balance - March 31, 2013	(64.1	) (2.7	) —	(136.2	) (203.0)
Other comprehensive income before reclassifications	(38.9	) 4.8	—	(0.9	) (35.0)
Amounts reclassified from AOCI (1)	—	0.4	—	1.8	2.2
Net Other Comprehensive Income (Loss)	(38.9	) 5.2	—	0.9	(32.8)
Ending balance - June 30, 2013	(103.0	) 2.5	—	(135.3	) (235.8)
Other comprehensive income before reclassifications	90.7	2.4	—	(3.4	) 89.7
Amounts reclassified from AOCI ⁽¹⁾	—	(1.8	) —	1.7	(0.1)
Net Other Comprehensive Income (Loss)	90.7	0.6	—	(1.7	) 89.6
Ending balance - September 30, 2013	\$ (12.3	) \$ 3.1	\$—	(137.0	) \$(146.2)

(1) See table on the next page for details about these reclassifications.

The table below presents reclassifications out of AOCI for the three and nine months ended September 30, 2013 (in millions).

Details about AOCI components	Three Months Ended September 30, Amount reclassified from AOCI	Nine Months Ended September 30, Amount reclassified from AOCI	Affected line item in the statement where net income is presented
Cumulative translation adjustments:			
Gain on sale of business	\$—	\$2.5	Other income (expense) - net
	—	0.1	(Provision for) benefit from
	\$—	\$2.6	income taxes
			Net of tax
Derivative hedging adjustment:			
Foreign exchange contracts	\$1.2	\$0.6	Cost of goods sold
	1.2	0.5	Other income (expense) - net
	(0.6	) (0.3	(Provision for) benefit from
	\$1.8	\$0.8	income taxes
			Net of tax
Unrealized gains and losses on debt and equity securities:			
Gain on sale of securities	\$—	\$2.5	Other income (expense) - net
	—	(0.6	(Provision for) benefit from
	\$—	\$1.9	income taxes
			Net of tax
Pension liability adjustment:			
Prior service costs	\$—	\$(0.1	) (1)
Actuarial gain (losses)	(2.5	) (7.5	) (1)
	0.8	2.3	(Provision for) benefit from
	\$(1.7	) \$(5.3	income taxes
			Net of tax
Total reclassifications	\$0.1	\$—	Net of tax

(1) These AOCI components are included in the computation of net periodic benefit cost. See Note L - Retirement Plans and Other Benefits for additional details.

During the nine months ended September 30, 2013, the Company granted 1.3 million shares of restricted stock to its employees with a weighted average grant date fair value of \$34.11 per share. Approximately 61% of these restricted stock awards vest ratably over a three-year period and approximately 39% cliff vest at the end of a three-year period. Approximately 12% of the shares granted are based on performance targets containing a market condition. The Company used the Monte Carlo method to determine grant date fair value of \$43.64 per share for the awards with a market condition granted on February 27, 2013. The Monte Carlo method is a statistical simulation technique used to provide the grant date fair value of an award. The following table presents the weighted-average assumptions used in the valuation:

Grant date

	February 27, 2013	
Dividend yields	—	%
Expected volatility	60.03	%
Risk free interest rate	0.35	%
Expected life (in years)	3	

During the nine months ended September 30, 2013, the Company issued approximately 53 thousand shares of its outstanding Common Stock which were contributed into a deferred compensation plan under a Rabbi Trust.

Redeemable Noncontrolling Interest

Noncontrolling interest with redemption features that are not solely within the Company's control ("redeemable noncontrolling interest") are presented separately from Total stockholders' equity in the Condensed Consolidated Balance Sheet at the maximum redemption value. If the maximum redemption value is greater than carrying value, the increase is adjusted directly to additional paid in capital and does not impact net income.

The following is a summary of redeemable noncontrolling interest as of September 30, 2013 (in millions):

Balance at January 1, 2013	\$246.9	
Redemptions and purchases	(174.5)
Accrued guaranteed payment obligations	2.9	
Payments of guaranteed obligations	(18.4)
Foreign currency translation	0.9	
Balance at September 30, 2013	\$57.8	

This obligation approximates the cost if all remaining shares were purchased by the Company on September 30, 2013 and is presented in the Condensed Consolidated Balance Sheet in Redeemable noncontrolling interest, which is considered temporary equity. During the three months ended September 30, 2013, the Company acquired approximately 14% of the shares of TMHPS AG for approximately \$228 million, of which \$174.5 million was recorded as a reduction of redeemable noncontrolling interest and \$53.6 million was recorded as a reduction in additional paid-in capital for the excess of the purchase price over the carrying value of redeemable noncontrolling interest.

NOTE O – CONSOLIDATING FINANCIAL STATEMENTS

During 2009 the Company sold and issued the 4% Convertible Notes and during 2012 sold and issued the 6% Notes and the 6-1/2% Notes (collectively the "Notes") (see Note K – "Long-Term Obligations"). The Notes are jointly and severally guaranteed by the following wholly-owned subsidiaries of the Company (the "Wholly-owned Guarantors"): A.S.V., Inc., CMI Terex Corporation, Fantuzzi Noell USA, Inc., Genie Financial Services, Inc., Genie Holdings, Inc., Genie Industries, Inc., Genie International, Inc., GFS National, Inc., Loegering Mfg. Inc., Powerscreen Holdings USA Inc., Powerscreen International LLC, Powerscreen North America Inc., Powerscreen USA, LLC, Schaeff Incorporated, Schaeff of North America, Inc., Terex Advance Mixer, Inc., Terex Aerials, Inc., Terex Financial Services, Inc., Terex South Dakota, Inc., Terex USA, LLC, Terex Utilities, Inc. and Terex Washington, Inc. Wholly-owned Guarantors are 100% owned by the Company. All of the guarantees are full and unconditional. The guarantees of the Wholly-owned Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions. No subsidiaries of the Company except the Wholly-owned Guarantors have provided a guarantee of the Notes.

The following summarized condensed consolidating financial information for the Company segregates the financial information of Terex Corporation, the Wholly-owned Guarantors and the non-guarantor subsidiaries. The results and financial position of businesses acquired are included from the dates of their respective acquisitions.

Terex Corporation consists of parent company operations. Subsidiaries of the parent company are reported on the equity basis. Wholly-owned Guarantors combine the operations of the Wholly-owned Guarantor subsidiaries. Subsidiaries of Wholly-owned Guarantors that are not themselves guarantors are reported on the equity basis. Non-guarantor subsidiaries combine the operations of subsidiaries which have not provided a guarantee of the Notes. Subsidiaries of non-guarantor subsidiaries that are guarantors are reported on the equity basis. Debt and goodwill allocated to subsidiaries are presented on a "push-down" accounting basis.

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
 THREE MONTHS ENDED SEPTEMBER 30, 2013
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$52.6	\$ 783.9	\$ 1,234.7	\$(260.6)	\$1,810.6
Cost of goods sold	(47.3)	(630.3)	(1,006.5)	260.6	(1,423.5)
Gross profit	5.3	153.6	228.2	—	387.1
Selling, general and administrative expenses	(0.2)	(59.4)	(186.6)	—	(246.2)
Income (loss) from operations	5.1	94.2	41.6	—	140.9
Interest income	67.5	88.6	2.2	(156.8)	1.5
Interest expense	(111.5)	(37.6)	(39.5)	156.8	(31.8)
Income (loss) from subsidiaries	101.9	3.7	0.2	(105.8)	—
Other income (expense) – net	(10.8)	1.3	8.3	—	(1.2)
Income (loss) from continuing operations before income taxes	52.2	150.2	12.8	(105.8)	109.4
(Provision for) benefit from income taxes	42.6	(49.3)	(14.1)	—	(20.8)
Income (loss) from continuing operations	94.8	100.9	(1.3)	(105.8)	88.6
Income (loss) from discontinued operations – net of tax	—	—	5.5	—	5.5
Gain (loss) on disposition of discontinued operations – net of tax	(0.4)	—	—	—	(0.4)
Net income (loss)	94.4	100.9	4.2	(105.8)	93.7
Net loss attributable to noncontrolling interest	—	—	0.7	—	0.7
Net income (loss) attributable to Terex Corporation	\$94.4	\$ 100.9	\$ 4.9	\$(105.8)	\$94.4
Comprehensive income (loss), net of tax	\$184.0	\$ 102.3	\$ 23.9	\$(126.9)	\$183.3
Comprehensive loss (income) attributable to noncontrolling interest	—	—	0.7	—	0.7
Comprehensive income (loss) attributable to Terex Corporation	\$184.0	\$ 102.3	\$ 24.6	\$(126.9)	\$184.0

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
 NINE MONTHS ENDED SEPTEMBER 30, 2013
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$169.1	\$ 2,395.3	\$ 3,665.8	\$(788.3)	\$5,441.9
Cost of goods sold	(154.2)	(1,935.2)	(3,069.7)	788.3	(4,370.8)
Gross profit	14.9	460.1	596.1	—	1,071.1
Selling, general and administrative expenses	(9.4)	(172.8)	(594.3)	—	(776.5)
Income (loss) from operations	5.5	287.3	1.8	—	294.6
Interest income	199.7	242.0	7.3	(444.0)	5.0
Interest expense	(311.2)	(109.8)	(119.6)	444.0	(96.6)
Loss on early extinguishment of debt	—	—	(5.2)	—	(5.2)
Income (loss) from subsidiaries	203.9	5.0	—	(208.9)	—
Other income (expense) – net	(32.3)	6.0	20.2	—	(6.1)
Income (loss) from continuing operations before income taxes	65.6	430.5	(95.5)	(208.9)	191.7
(Provision for) benefit from income taxes	74.4	(133.5)	(5.1)	—	(64.2)
Income (loss) from continuing operations	140.0	297.0	(100.6)	(208.9)	127.5
Income (loss) from discontinued operations – net of tax	—	—	5.5	—	5.5
Gain (loss) on disposition of discontinued operations – net of tax	(0.4)	—	3.0	—	2.6
Net income (loss)	139.6	297.0	(92.1)	(208.9)	135.6
Net loss attributable to noncontrolling interest	—	—	4.0	—	4.0
Net income (loss) attributable to Terex Corporation	\$139.6	\$ 297.0	\$ (88.1)	\$(208.9)	\$139.6
Comprehensive income (loss), net of tax	\$117.5	\$ 297.7	\$ (129.9)	\$(171.8)	\$113.5
Comprehensive loss (income) attributable to noncontrolling interest	—	—	4.0	—	4.0
Comprehensive income (loss) attributable to Terex Corporation	\$117.5	\$ 297.7	\$ (125.9)	\$(171.8)	\$117.5

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
 THREE MONTHS ENDED SEPTEMBER 30, 2012
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$51.9	\$ 663.7	\$ 1,301.6	\$(195.2)	\$1,822.0
Cost of goods sold	(45.8)	(548.5)	(1,044.3)	195.2	(1,443.4)
Gross profit	6.1	115.2	257.3	—	378.6
Selling, general and administrative expenses	(3.2)	(52.3)	(191.2)	—	(246.7)
Income (loss) from operations	2.9	62.9	66.1	—	131.9
Interest income	57.4	66.6	1.9	(124.6)	1.3
Interest expense	(95.1)	(28.4)	(43.7)	124.6	(42.6)
Loss on early extinguishment of debt	(49.4)	—	(0.5)	—	(49.9)
Income (loss) from subsidiaries	96.7	2.1	(0.5)	(98.3)	—
Other income (expense) – net	0.4	(0.4)	(3.6)	—	(3.6)
Income (loss) from continuing operations before income taxes	12.9	102.8	19.7	(98.3)	37.1
(Provision for) benefit from income taxes	17.3	3.8	(29.9)	—	(8.8)
Income (loss) from continuing operations	30.2	106.6	(10.2)	(98.3)	28.3
Net income (loss)	30.2	106.6	(10.2)	(98.3)	28.3
Net loss (income) attributable to noncontrolling interest	—	—	1.9	—	1.9
Net income (loss) attributable to Terex Corporation	\$30.2	\$ 106.6	\$ (8.3)	\$(98.3)	\$30.2
Comprehensive income (loss), net of tax	\$73.7	\$ 107.4	\$ 2.4	\$(111.7)	\$71.8
Comprehensive loss (income) attributable to noncontrolling interest	—	—	1.9	—	1.9
Comprehensive income (loss) attributable to Terex Corporation	\$73.7	\$ 107.4	\$ 4.3	\$(111.7)	\$73.7

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
 NINE MONTHS ENDED SEPTEMBER 30, 2012

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$215.8	\$ 2,091.3	\$ 4,023.3	\$(677.5)	\$5,652.9
Cost of goods sold	(193.4)	(1,749.1)	(3,249.9)	677.5	(4,514.9)
Gross profit	22.4	342.2	773.4	—	1,138.0
Selling, general and administrative expenses	(16.0)	(154.1)	(597.2)	—	(767.3)
Income (loss) from operations	6.4	188.1	176.2	—	370.7
Interest income	163.4	187.6	8.1	(352.7)	6.4
Interest expense	(270.5)	(77.5)	(134.7)	352.7	(130.0)
Loss on early extinguishment of debt	(49.4)	—	(2.9)	—	(52.3)
Income (loss) from subsidiaries	225.5	(5.7)	(0.5)	(219.3)	—
Other income (expense) – net	16.9	(3.6)	(16.0)	—	(2.7)
Income (loss) from continuing operations before income taxes	92.3	288.9	30.2	(219.3)	192.1
(Provision for) benefit from income taxes	46.8	(56.4)	(52.1)	—	(61.7)
Income (loss) from continuing operations	139.1	232.5	(21.9)	(219.3)	130.4
Income (loss) from discontinued operations – net of tax	—	—	2.5	—	2.5
Gain (loss) on disposition of discontinued operations – net of tax	—	—	2.3	—	2.3
Net income (loss)	139.1	232.5	(17.1)	(219.3)	135.2
Net loss (income) attributable to noncontrolling interest	—	—	3.9	—	3.9
Net income (loss) attributable to Terex Corporation	\$139.1	\$ 232.5	\$ (13.2)	\$(219.3)	\$139.1
Comprehensive income (loss), net of tax	\$156.0	\$ 233.4	\$ (29.8)	\$(207.5)	\$152.1
Comprehensive loss (income) attributable to noncontrolling interest	—	—	3.9	—	3.9
Comprehensive income (loss) attributable to Terex Corporation	\$156.0	\$ 233.4	\$ (25.9)	\$(207.5)	\$156.0

TEREX CORPORATION
 CONDENSED CONSOLIDATING BALANCE SHEET
 SEPTEMBER 30, 2013
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$52.1	\$ 3.5	\$ 315.0	\$—	\$370.6
Trade receivables – net	37.1	289.7	837.7	—	1,164.5
Intercompany receivables	83.7	147.4	61.1	(292.2)	—
Inventories	39.8	371.3	1,331.8	—	1,742.9
Other current assets	95.0	49.7	180.8	—	325.5
Total current assets	307.7	861.6	2,726.4	(292.2)	3,603.5
Property, plant and equipment – net	71.3	116.6	605.5	—	793.4
Goodwill	—	170.1	1,071.8	—	1,241.9
Non-current intercompany receivables	1,487.1	2,221.5	41.2	(3,749.8)	—
Investment in and advances to (from) subsidiaries	3,829.2	156.7	162.1	(4,058.7)	89.3
Other assets	45.4	172.7	543.3	—	761.4
Total assets	\$5,740.7	\$ 3,699.2	\$ 5,150.3	\$(8,100.7)	\$6,489.5
Liabilities and Stockholders' Equity					
Current liabilities					
Notes payable and current portion of long-term debt	\$1.7	\$ 0.1	\$ 88.7	\$—	\$90.5
Trade accounts payable	14.7	249.0	446.1	—	709.8
Intercompany payables	23.7	54.7	213.8	(292.2)	—
Accruals and other current liabilities	84.0	138.7	804.9	—	1,027.6
Total current liabilities	124.1	442.5	1,553.5	(292.2)	1,827.9
Long-term debt, less current portion	1,263.0	1.7	550.7	—	1,815.4
Non-current intercompany payables	2,174.8	41.8	1,533.2	(3,749.8)	—
Retirement plans and other non-current liabilities	84.6	31.4	552.4	—	668.4
Redeemable noncontrolling interest	—	—	57.8	—	57.8
Total stockholders' equity	2,094.2	3,181.8	902.7	(4,058.7)	2,120.0
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$5,740.7	\$ 3,699.2	\$ 5,150.3	\$(8,100.7)	\$6,489.5

TEREX CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2012
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 39.6	\$ 1.4	\$ 637.0	\$—	\$678.0
Trade receivables – net	30.4	214.0	833.3	—	1,077.7
Intercompany receivables	113.6	142.5	62.5	(318.6)	—
Inventories	48.4	387.9	1,279.3	—	1,715.6
Other current assets	102.6	37.2	186.3	—	326.1
Total current assets	334.6	783.0	2,998.4	(318.6)	3,797.4
Property, plant and equipment – net	69.7	110.8	632.8	—	813.3
Goodwill	—	149.6	1,095.7	—	1,245.3
Non-current intercompany receivables	1,294.8	1,562.5	39.6	(2,896.9)	—
Investment in and advances to (from) subsidiaries	3,274.1	207.6	69.5	(3,461.8)	89.4
Other assets	54.3	178.7	567.8	—	800.8
Total assets	\$5,027.5	\$ 2,992.2	\$ 5,403.8	\$(6,677.3)	\$6,746.2
Liabilities and Stockholders' Equity					
Current liabilities					
Notes payable and current portion of long-term debt	\$4.6	\$ —	\$ 79.2	\$—	\$83.8
Trade accounts payable	13.0	157.2	465.3	—	635.5
Intercompany payables	15.5	55.1	248.0	(318.6)	—
Accruals and other current liabilities	98.0	126.0	765.5	—	989.5
Total current liabilities	131.1	338.3	1,558.0	(318.6)	1,708.8
Long-term debt, less current portion	1,254.6	1.7	758.6	—	2,014.9
Non-current intercompany payables	1,512.7	41.8	1,342.4	(2,896.9)	—
Retirement plans and other non-current liabilities	121.4	33.2	589.7	—	744.3
Redeemable noncontrolling interest	—	—	246.9	—	246.9
Total stockholders' equity	2,007.7	2,577.2	908.2	(3,461.8)	2,031.3
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$5,027.5	\$ 2,992.2	\$ 5,403.8	\$(6,677.3)	\$6,746.2

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
 NINE MONTHS ENDED SEPTEMBER 30, 2013
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities of continuing operations	\$ 324.1	\$ (169.5)	\$ 8.5	\$—	\$ 163.1
Cash flows from investing activities					
Capital expenditures	(6.7)	(18.0)	(36.2)	—	(60.9)
Proceeds from sale of assets	4.4	34.4	6.4	—	45.2
Intercompany investing activities	(307.8)	(18.8)	(0.6)	327.2	—
Other investing activities, net	(2.8)	—	2.1	—	(0.7)
Net cash provided by (used in) investing activities of continuing operations	(312.9)	(2.4)	(28.3)	327.2	(16.4)
Cash flows from financing activities					
Repayments of debt	(9.0)	—	(494.5)	—	(503.5)
Proceeds from issuance of debt	9.0	—	284.6	—	293.6
Purchase of noncontrolling interest	—	—	(228.1)	—	(228.1)
Distributions to noncontrolling interest	—	—	(18.4)	—	(18.4)
Intercompany financing activities	—	174.0	153.2	(327.2)	—
Other financing activities, net	1.3	—	7.2	—	8.5
Net cash provided by (used in) financing activities of continuing operations	1.3	174.0	(296.0)	(327.2)	(447.9)
Effect of exchange rate changes on cash and cash equivalents	—	—	(6.2)	—	(6.2)
Net increase (decrease) in cash and cash equivalents	12.5	2.1	(322.0)	—	(307.4)
Cash and cash equivalents at beginning of period	39.6	1.4	637.0	—	678.0
Cash and cash equivalents at end of period	\$ 52.1	\$ 3.5	\$ 315.0	\$—	\$ 370.6

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2012
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities of continuing operations	\$ (8.7)	\$ 134.2	\$ 13.3	\$—	\$ 138.8
Cash flows from investing activities					
Capital expenditures	(5.2)	(10.2)	(40.7)	—	(56.1)
Other investments	(4.5)	—	(9.6)	—	(14.1)
Proceeds from sale of assets	0.8	2.5	28.0	—	31.3
Intercompany investing activities	(99.2)	(127.2)	134.0	92.4	—
Other investing activities, net	—	—	(5.2)	—	(5.2)
Net cash provided by (used in) investing activities of continuing operations	(108.1)	(134.9)	106.5	92.4	(44.1)
Cash flows from financing activities					
Repayments of debt	(400.0)	(0.1)	(254.4)	—	(654.5)
Proceeds from issuance of debt	300.0	—	39.0	—	339.0
Purchase of noncontrolling interest	—	—	(3.2)	—	(3.2)
Distributions to noncontrolling interest	—	—	(4.9)	—	(4.9)
Intercompany financing activities	(6.0)	—	98.4	(92.4)	—
Other financing activities, net	(2.0)	—	(1.2)	—	(3.2)
Net cash provided by (used in) financing activities of continuing operations	(108.0)	(0.1)	(126.3)	(92.4)	(326.8)
Effect of exchange rate changes on cash and cash equivalents	—	—	0.6	—	0.6
Net increase (decrease) in cash and cash equivalents	(224.8)	(0.8)	(5.9)	—	(231.5)
Cash and cash equivalents at beginning of period	264.0	2.3	507.8	—	774.1
Cash and cash equivalents at end of period	\$ 39.2	\$ 1.5	\$ 501.9	\$—	\$ 542.6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS DESCRIPTION

Terex is a lifting and material handling solutions company. We are focused on operational improvement and delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, manufacturing, transportation, energy and utility industries. We operate in five reportable segments: (i) Aerial Work Platforms ("AWP"); (ii) Construction; (iii) Cranes; (iv) Material Handling & Port Solutions ("MHPS"); and (v) Materials Processing ("MP").

The AWP segment designs, manufactures, markets and services aerial work platform equipment, telehandlers, light towers, and bridge inspection equipment as well as their related replacement parts and components. Customers use these products to construct and maintain industrial, commercial and residential buildings and facilities and for other commercial operations, as well as in a wide range of infrastructure projects.

The Construction segment designs, manufactures and markets heavy and compact construction equipment, roadbuilding equipment, as well as their related replacement parts and components. Customers use these products in construction and infrastructure projects, in building roads and bridges, in quarrying and mining operations and for material handling applications.

In 2013, we divested our Roadbuilding operations in Brazil and most of our Roadbuilding operations in Oklahoma City.

The Cranes segment designs, manufactures, markets, services and refurbishes rough terrain cranes, all terrain cranes, truck cranes, tower cranes, lattice boom crawler cranes, lattice boom truck cranes, utility equipment and truck-mounted cranes (boom trucks), as well as their related replacement parts and components. Customers use these products for construction, repair and maintenance of commercial buildings, manufacturing facilities, construction and maintenance of utility and telecommunication lines, tree trimming and certain construction and foundation drilling applications and a wide range of infrastructure projects. The segment also provides service and support for industrial cranes and aerial products in North America.

The MHPS segment designs, manufactures, markets and services industrial cranes, including standard cranes, process cranes, rope and chain hoists, electric motors, light crane systems and crane components as well as a diverse portfolio of port and rail equipment including mobile harbor cranes, straddle carriers, gantry cranes, ship-to-shore cranes, reach stackers, container handlers, general cargo lift trucks, automated stacking cranes, automated guided vehicles and terminal automation technology, including software. The segment operates an extensive global sales and service network. Customers use these products for lifting and material handling at manufacturing and port and rail facilities.

The MP segment designs, manufactures and markets materials processing equipment, including crushers, washing systems, screens, apron feeders, chippers and related components and replacement parts. Customers use these products in construction, infrastructure and recycling projects, in various quarrying and mining applications, as well as in landscaping and biomass production industries.

We assist customers in their rental, leasing and acquisition of our products through Terex Financial Services ("TFS"). TFS uses its equipment financing experience to provide financing solutions to our customers.

Subsequent to December 31, 2012, we realigned certain operations in an effort to strengthen our ability to service customers and to recognize certain organizational efficiencies. Our Utilities business, formerly part of our AWP

segment, is now consolidated within our Cranes segment. Our Crane America Services business, formerly part of our MHPS segment, and our legacy AWP services business, formerly part of our AWP segment, are now consolidated within our Cranes segment and are run together as our Terex Services North America business. The historical results have been reclassified to reflect these changes.

Non-GAAP Measures

In this document, we refer to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures. These non-GAAP measures may not be comparable to similarly titled measures disclosed by other companies. We present non-GAAP financial measures in reporting our financial results to provide investors with additional analytical tools which we believe are useful in evaluating our operating results and the ongoing performance of our underlying businesses. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Non-GAAP measures we use include the translation effect of foreign currency exchange rate changes on net sales, gross profit, Selling, General & Administrative (“SG&A”) costs and operating profit. As changes in foreign currency exchange rates have a non-operating impact on our financial results, we believe excluding the effect of these changes assists in the assessment of our business results between periods. We calculate the translation effect of foreign currency exchange rate changes by translating the current period results at the rates that the comparable prior periods were translated to isolate the foreign exchange component of the fluctuation from the operational component. Similarly, the impact of changes in our results from acquisitions that were not included in comparable prior periods is subtracted from the absolute change in results to allow for better comparability of results between periods.

We calculate a non-GAAP measure of free cash flow as income from operations plus certain impairments and write downs, depreciation, amortization, proceeds from the sale of assets, plus or minus cash changes in working capital, customer advances and rental/demo equipment and less capital expenditures. We believe that the measure of free cash flow provides management and investors further information on cash generation or use.

We discuss forward looking information related to expected earnings per share (“EPS”) excluding restructuring charges and other items. This adjusted EPS is a non-GAAP measure that provides guidance to investors about our expected EPS excluding restructuring and other charges that we do not believe are reflective of our ongoing operations.

Working capital is calculated using the Condensed Consolidated Balance Sheet amounts for Trade receivables (net of allowance) plus Inventories, less Trade accounts payable and Customer Advances. We view excessive working capital as an inefficient use of resources, and seek to minimize the level of investment without adversely impacting the ongoing operations of the business. Trailing three month annualized net sales is calculated using the net sales for the most recent quarter ended multiplied by four. The ratio calculated by dividing working capital by trailing three months annualized net sales is a non-GAAP measure that we believe measures how efficiently we use our resources.

Non-GAAP measures we use also include Net Operating Profit After Tax (“NOPAT”) as adjusted, income (loss) from operations as adjusted and stockholders’ equity as adjusted, which are used in the calculation of our after tax return on invested capital (“ROIC”) (collectively the “Non-GAAP Measures”), which are discussed in detail below.

Overview

Overall, our performance in the third quarter of 2013 was in line with our revised expectations provided in the second quarter, but with a lower tax rate. Through the first nine months of 2013, the Company’s global operating environment has been mixed overall and difficult to predict. Our operating margins have remained consistent. However, we expected 2013 to be a year of significant sales growth, and this has not occurred. Our businesses that have a significant portion of products dependent on non-residential construction have not recovered as quickly as we had expected. Businesses that are less dependent on non-residential construction are seeing improving business conditions and we are encouraged by the recovery in these businesses.

We are seeing strength in early-cycle product categories where demand is mostly replacement driven. Our AWP segment continued to perform well in the third quarter of 2013, with improved net sales year-over-year, and continued strong orders for its products in the North American rental channel and, to a lesser extent in Latin American markets. We expect strong demand for AWP products, particularly in North America, to continue for the remainder of 2013. Our MP segment reported solid results, delivering double digit operating margins. This was a result of good operational execution by this segment.

Although our Cranes segment remains profitable, it has not seen the net sales growth we were expecting and reported a decline in net sales in the third quarter on a year-over-year basis. In addition, backlog was down significantly year-over-year as we have experienced lower demand for our Cranes products in most geographies. These declines are

primarily connected to the delayed recovery of non-residential construction activities and declines in commodity related demand. Our quoting activity continues to be strong, however, conversion of these opportunities into sales is slow as related projects are often delayed. We have announced previous restructuring plans in this segment and expect to further align our businesses with the lower demand that we are currently experiencing.

Our Construction businesses remain challenged. Net sales in our Construction segment declined year-over-year and we have continued to streamline this business by selling certain underperforming product lines during the year. Our European-based Construction businesses continue to experience weak demand, as the market remains soft globally for dirt and scrap handling equipment.

We expected improved performance from our MHPS segment this quarter and we have seen positive developments that are encouraging for this segment. Net sales and income from operations were up slightly year-over-year and the segment performed significantly better in the third quarter of 2013 than it did in the first half of 2013. Importantly, SG&A costs are trending downward, primarily due to actions taken to reduce our cost structure, as well as the focus on continued integration of these businesses. Backlog for the MHPS segment is up significantly year-over-year due to the major automation programs in Port Solutions scheduled to ship in the next twelve months, but slightly down sequentially. Although the Material Handling business continues to be under pressure, we expect this to stabilize in the coming months.

We took substantive actions in 2013 to adjust the cost structure in our Cranes, Construction and MHPS segments to align our workforce with the demands of these businesses. The benefits to our stakeholders from these actions are expected to have a meaningful impact on our future results, particularly in 2014 and beyond. See Note J – “Restructuring and Other Charges” in our Condensed Consolidated Financial Statements for a detailed description of our restructuring activities, including the reasons, timing and costs associated with such actions.

Geographically, North America remains the most stable market overall. Europe has seen slight improvements in certain products, mostly in our AWP segment, and the Middle East continues to provide growth. However, overall weakness in Europe and Australia have offset the growth we have seen in other markets.

We have generated free cash flow of approximately \$262 million year-to-date in 2013. We are expecting to generate over \$400 million in free cash flow for the full year 2013.

In July 2013, we acquired approximately 14% of the shares of Terex Material Handling & Port Solutions AG (“TMHPS AG”) for approximately \$228 million. As we now own over 95% of the shares of TMHPS AG, we have initiated a squeeze-out process that will lead to our owning 100% of TMHPS AG and expect this to be completed in late 2013 or the first half of 2014. These actions are consistent with our plans to simplify our capital structure as this will eliminate the obligation to make guaranteed payments to noncontrolling shareholders and will also remove the financial and administrative burden of maintaining the entity as a German public company. We believe our liquidity after the acquisition of additional shares in TMHPS AG continues to be sufficient to meet our business plans. See “Liquidity and Capital Resources” for a detailed description of liquidity and working capital levels, including the primary factors affecting such levels.

Looking ahead to the remainder of 2013, we now expect to achieve 2013 earnings per share of between \$2.05 and \$2.25 (excluding restructuring and unusual items). Our previous guidance was to achieve 2013 earnings per share of between \$1.90 and \$2.10 (excluding restructuring and unusual items). The improvement in guidance is driven by an anticipated lower full year adjusted effective tax rate of approximately 33% which adds approximately \$0.15 of earnings per share. With respect to our underlying business, earnings expectations remain unchanged although on slightly lower net sales of \$7.3 billion to \$7.5 billion.

ROIC continues to be the unifying metric that we use to measure our operating performance. ROIC and the Non-GAAP Measures assist in showing how effectively we utilize the capital invested in our operations. After-tax ROIC is determined by dividing the sum of NOPAT for each of the previous four quarters by the average of the sum of Total Terex Corporation stockholders’ equity plus Debt (as defined below) less Cash and cash equivalents for the previous five quarters. NOPAT for each quarter is calculated by multiplying Income (loss) from continuing operations by a figure equal to one minus the effective tax rate of the Company. We believe that returns on capital deployed in TFS do not represent our primary operations and, therefore, TFS finance receivable assets and results from operations have been excluded from the Non-GAAP Measures. The effective tax rate is equal to the (Provision for) benefit from income taxes divided by Income (loss) before income taxes for the respective quarter. Total Terex Corporation stockholders’ equity is adjusted to include redeemable noncontrolling interest as this item is deemed to be temporary equity and therefore should be included in the denominator of the ROIC ratio. Debt is calculated using the amounts

for Notes payable and current portion of long-term debt plus Long-term debt, less current portion. We calculate ROIC using the last four quarters' NOPAT as this represents the most recent 12-month period at any given point of determination. In order for the denominator of the ROIC ratio to properly match the operational period reflected in the numerator, we include the average of five quarters' ending balance sheet amounts so that the denominator includes the average of the opening through ending balances (on a quarterly basis) thereby providing, over the same time period as the numerator, four quarters of average invested capital.

Terex management and the Board of Directors use ROIC as one of the primary measures to assess operational performance, including in connection with certain compensation programs. We use ROIC as a unifying metric because we believe that it measures how effectively we invest our capital and provides a better measure to compare ourselves to peer companies to assist in assessing how we drive operational improvement. We believe that ROIC measures return on the amount of capital invested in our primary businesses, excluding TFS, as opposed to another metric such as return on stockholders' equity that only incorporates book equity, and is thus a more accurate and descriptive measure of our performance. We also believe that adding Debt less Cash and cash equivalents to Total stockholders' equity provides a better comparison across similar businesses regarding total capitalization, and ROIC highlights the level of value creation as a percentage of capital invested. As the tables below show, our ROIC at September 30, 2013 was 6.0%.

The amounts described below are reported in millions of U.S. dollars, except for the effective tax rates. Amounts are as of and for the three months ended for the periods referenced in the tables below.

	Sep '13	Jun '13	Mar '13	Dec '12	Sep '12
Provision for (benefit from) income taxes	\$20.8	\$28.1	\$15.3	\$(7.5))
Divided by: Income (loss) before income taxes	109.4	47.7	34.6	(36.5))
Effective tax rate	19.0	%58.9	%44.2	%20.5	%
Income (loss) from operations as adjusted	\$141.7	\$85.6	\$68.9	\$26.3	
Multiplied by: 1 minus Effective tax rate	81.0	%41.1	%55.8	%79.5	%
Adjusted net operating income (loss) after tax	\$114.8	\$35.2	\$38.4	\$20.9	
Debt (as defined above)	\$1,905.9	\$1,870.4	\$2,082.5	\$2,098.7	\$2,063.8
Less: Cash and cash equivalents	(370.6)	) (548.2)	) (729.7)	) (678.0)	) (542.6)
Debt less Cash and cash equivalents	\$1,535.3	\$1,322.2	\$1,352.8	\$1,420.7	\$1,521.2
Total Terex Corporation stockholders' equity as adjusted	\$2,002.2	\$2,042.7	\$2,053.8	\$2,103.7	\$2,149.2
Debt less Cash and cash equivalents plus Total Terex Corporation stockholders' equity as adjusted	\$3,537.5	\$3,364.9	\$3,406.6	\$3,524.4	\$3,670.4
September 30, 2013 ROIC				6.0	%
NOPAT as adjusted (last 4 quarters)				\$209.3	
Average Debt less Cash and cash equivalents plus Total Terex Corporation stockholders' equity as adjusted (5 quarters)				\$3,500.8	
	Three months ended	Three months ended	Three months ended	Three months ended	
	9/30/13	6/30/13	3/31/13	12/31/12	
Reconciliation of income (loss) from operations:					
Income (loss) from operations as reported	\$140.9	\$85.3	\$68.4	\$27.9	
(Income) loss from operations for TFS	0.8	0.3	0.5	(1.6))
Income (loss) from operations as adjusted	\$141.7	\$85.6	\$68.9	\$26.3	
Reconciliation of Terex Corporation stockholders' equity:	As of	As of	As of	As of	As of
	9/30/13	6/30/13	3/31/13	12/31/12	9/30/12
Terex Corporation stockholders' equity as reported	\$2,094.2	\$1,955.8	\$1,957.5	\$2,007.7	\$2,054.6
TFS Assets	(149.8)	) (139.7)	) (147.5)	) (150.9)	) (142.3)
Redeemable noncontrolling interest	57.8	226.6	243.8	246.9	236.9

Edgar Filing: TEREX CORP - Form 10-Q

Terex Corporation stockholders' equity as adjusted	\$2,002.2	\$2,042.7	\$2,053.8	\$2,103.7	\$2,149.2
--	-----------	-----------	-----------	-----------	-----------

40

RESULTS OF OPERATIONS

Three Months Ended September 30, 2013 Compared with Three Months Ended September 30, 2012

Consolidated

	Three Months Ended September 30, 2013		2012		% Change In Reported Amounts	
		% of Sales		% of Sales		
	(\$ amounts in millions)					
Net sales	\$1,810.6	—	\$1,822.0	—	(0.6)%
Gross profit	\$387.1	21.4	\$378.6	20.8	2.2	%
SG&A	\$246.2	13.6	\$246.7	13.5	(0.2)%
Income from operations	\$140.9	7.8	\$131.9	7.2	6.8	%

Net sales for the three months ended September 30, 2013 decreased \$11.4 million when compared to the same period in 2012. Our AWP segment had significant growth in net sales from continued rental channel replenishment, particularly in North America, and also experienced growth in Latin America and other international markets. Our MHPS segment also experienced net sales growth primarily from its port solutions businesses. However, the impact of weak demand in European and other markets on our Construction, Cranes and, to a lesser extent, MP segments more than offset those net sales increases.

Gross profit for the three months ended September 30, 2013 increased \$8.5 million when compared to the same period in 2012. Our AWP and MP segments' gross profit improved from the prior year period, partially offset by decreased gross profit in the other three segments.

SG&A costs for the three months ended September 30, 2013 decreased by \$0.5 million when compared to the same period in 2012. Cost reduction activities taken in prior periods are reflected in lower current period SG&A costs.

Income from operations for the three months ended September 30, 2013 increased \$9.0 million when compared to the same period in 2012. The increase was primarily due to the improved operating performance in our AWP segment.

Aerial Work Platforms

	Three Months Ended September 30, 2013		2012		% Change In Reported Amounts	
		% of Sales		% of Sales		
	(\$ amounts in millions)					
Net sales	\$533.3	—	\$437.7	—	21.8	%
Gross profit	\$127.6	23.9	\$100.3	22.9	27.2	%
SG&A	\$46.9	8.8	\$42.4	9.7	10.6	%
Income from operations	\$80.7	15.1	\$57.9	13.2	39.4	%

Net sales for the AWP segment for the three months ended September 30, 2013 increased \$95.6 million when compared to the same period in 2012. Net sales improvement was primarily due to continued replacement demand and capital expenditures for growth from the North American rental channel and increased demand in Latin America partially offset by weaker demand in Australia.

Gross profit for the three months ended September 30, 2013 increased \$27.3 million when compared to the same period in 2012. Increased net sales and improved price realization, partially offset by Tier 4 engine implementation costs, contributed approximately \$26 million to the improvement in gross profit.

SG&A costs for the three months ended September 30, 2013 increased \$4.5 million when compared to the same period in 2012. Increased spending on engineering along with higher selling and marketing costs associated with higher net sales increased SG&A spending by approximately \$3 million as compared to the prior year period. Additionally, the allocation of corporate costs was approximately \$2 million higher in the current year period.

Income from operations for the three months ended September 30, 2013 increased \$22.8 million when compared to the same period in 2012. The increase was due to the items noted above, particularly increased net sales volume and improved price realization.

Construction

	Three Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported Amounts	
	(\$ amounts in millions)					
Net sales	\$241.7	—		\$290.4	—	(16.8)%
Gross profit	\$24.5	10.1	%	\$26.0	9.0	% (5.8)%
SG&A	\$28.8	11.9	%	\$34.3	11.8	% (16.0)%
Loss from operations	\$(4.3)	(1.8)%		\$(8.3)	(2.9)%	*

*Not meaningful as a percentage

Net sales in the Construction segment for the three months ended September 30, 2013 decreased by \$48.7 million when compared to the same period in 2012. Demand for Construction products remained weak, particularly in Europe and China. Decreased demand for our large trucks, material handlers and aftermarket parts negatively impacted net sales in the current year period.

Gross profit for the three months ended September 30, 2013 decreased \$1.5 million when compared to the same period in 2012. The decrease was primarily due to lower net sales for our large trucks, material handlers and aftermarket parts, partially offset by an improved manufacturing cost structure.

SG&A costs for the three months ended September 30, 2013 decreased \$5.5 million when compared to the same period in 2012. Cost reduction activities taken in prior periods are reflected in lower current period SG&A costs.

Loss from operations for the three months ended September 30, 2013 improved \$4.0 million when compared to the same period in 2012. The lower current period loss was primarily due to the impact of decreased SG&A costs.

Cranes

	Three Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported Amounts	
	(\$ amounts in millions)					
Net sales	\$453.0	—		\$516.1	—	(12.2)%
Gross profit	\$82.1	18.1%		\$102.2	19.8%	(19.7)%
SG&A	\$53.2	11.7%		\$50.7	9.8%	4.9%
Income from operations	\$28.9	6.4%		\$51.5	10.0%	(43.9)%

Net sales for the Cranes segment for the three months ended September 30, 2013 decreased by \$63.1 million when compared to the same period in 2012. We have experienced declines in demand for our products in Australia, North America, Asia and Latin America. These declines are primarily connected to the delayed recovery of non-residential construction activities and declines in commodity related demand. These declines were partially offset by stronger sales into the Middle East and stronger sales of tower cranes.

Gross profit for the three months ended September 30, 2013 decreased by \$20.1 million when compared to the same period in 2012. The decrease was primarily related to lower net sales and a less profitable mix of products sold in the current year period.

SG&A costs for the three months ended September 30, 2013 increased \$2.5 million over the same period in 2012. Greater activity on engineering projects, higher allocation of corporate costs and asset impairment charges, more than offset the benefit of cost reduction activities taken in prior periods.

Income from operations for the three months ended September 30, 2013 decreased \$22.6 million when compared to the same period in 2012, resulting primarily from the decrease in net sales.

Material Handling & Port Solutions

	Three Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported Amounts	
	(\$ amounts in millions)					
Net sales	\$460.6	—		\$444.9	—	3.5%
Gross profit	\$111.1	24.1%		\$111.3	25.0%	(0.2)%
SG&A	\$92.6	20.1%		\$93.9	21.1%	(1.4)%
Income from operations	\$18.5	4.0%		\$17.4	3.9%	6.3%

Net sales for the MHPS segment for the three months ended September 30, 2013 increased \$15.7 million when compared to the same period in 2012. The increase was driven by a broad based improvement in net sales in our port solutions businesses as well as the favorable impact of foreign currency exchange rate changes. This was partially offset by weaker demand in our material handling businesses, particularly in Europe.

Gross profit for the three months ended September 30, 2013 decreased \$0.2 million when compared to the same period in 2012. Improved current year gross profit in our port solutions businesses was offset by lower gross profit in our material handling businesses due to reduced net sales volume.

SG&A costs for the three months ended September 30, 2013 decreased \$1.3 million when compared to the same period in 2012. Cost reduction activities taken in prior periods are beginning to be reflected in lower current period SG&A costs partially offset by the negative impact from the translation effect of foreign currency exchange rate changes of approximately \$2 million.

43

Income from operations for the three months ended September 30, 2013 increased \$1.1 million when compared to the same period in 2012. The improvement was primarily driven by improved net sales and lower SG&A costs in the current year period, partially offset by the negative impact from the translation effect of foreign currency exchange rate changes.

Materials Processing

	Three Months Ended September 30,						% Change In	
	2013		2012				Reported	Amounts
		% of		% of				
		Sales		Sales				
	(\$ amounts in millions)							
Net sales	\$147.7	—	\$149.9	—	(1.5)	%	
Gross profit	\$37.0	25.1	\$34.1	22.7	%	8.5	%	
SG&A	\$18.1	12.3	\$18.9	12.6	%	(4.2)	%
Income from operations	\$18.9	12.8	\$15.2	10.1	%	24.3	%	

Net sales in the MP segment for the three months ended September 30, 2013 decreased by \$2.2 million when compared to the same period in 2012. The translation effect of foreign currency exchange rate changes negatively impacted net sales by approximately \$5 million. There were slight net sales improvements in certain markets, primarily North America.

Gross profit for the three months ended September 30, 2013 increased by \$2.9 million when compared to the same period in 2012. The increase was primarily due to improved manufacturing cost structure. Gross profit also improved due to a more positive mix of products sold in the period when compared to the same period in 2012.

SG&A costs for the three months ended September 30, 2013 decreased by \$0.8 million when compared to the same period in 2012. SG&A costs in the current year period reflected reduced spending on selling and marketing costs, partially offset by increased engineering costs for investments in new products and markets.

Income from operations for the three months ended September 30, 2013 increased \$3.7 million when compared to the same period in 2012. This was driven primarily by manufacturing costs controls and a more profitable mix of products sold in the current year period.

Corporate / Eliminations

	Three Months Ended September 30,						% Change	
	2013		2012				In	Reported
		% of		% of				Amounts
		Sales		Sales				
	(\$ amounts in millions)							
Net sales	\$(25.7	)	—	\$(17.0)	—	*	
Loss from operations	\$(1.8	)	*	\$(1.8)	*	*	

*Not meaningful as a percentage

The net sales amounts include the elimination of intercompany sales activity among segments.

Interest Expense, Net of Interest Income

During the three months ended September 30, 2013, our interest expense net of interest income was \$30.3 million, or \$11.0 million lower than the same period in the prior year. This improvement was primarily driven by the capital market activities in 2012 and continued paydown of debt in 2013, which generally resulted in lower cost debt being used to pay off higher cost debt as well as decreasing our debt balances.

Loss on early extinguishment of debt

The Company recorded a loss on early extinguishment of debt of \$49.9 million for the three months ended September 30, 2012 in connection with the redemption of certain of its senior notes and convertible debt.

Other Income (Expense) – Net

Other income (expense) – net for the three months ended September 30, 2013 was expense of \$1.2 million, a change of \$2.4 million when compared to the same period in the prior year. The lower expense was primarily due to lower guaranteed payments to TMHPS AG noncontrolling interest holders in the current year period.

Income Taxes

During the three months ended September 30, 2013, we recognized an income tax expense of \$20.8 million on income of \$109.4 million, an effective tax rate of 19.0%, as compared to an income tax expense of \$8.8 million on income of \$37.1 million, an effective tax rate of 23.7%, for the three months ended September 30, 2012. The lower effective tax rate for the three months ended September 30, 2013 was primarily due to reductions in the provision for uncertain tax positions partially offset by the greater impact that income tax benefit items had in the three months ended September 30, 2012 due to the substantially lower profit before tax in that period.

Nine Months Ended September 30, 2013 Compared with Nine Months Ended September 30, 2012

Consolidated

	Nine Months Ended September 30, 2013		2012		% Change In Reported Amounts	
		% of Sales		% of Sales		
	(\$ amounts in millions)					
Net sales	\$5,441.9	—	\$5,652.9	—	(3.7)%
Gross profit	\$1,071.1	19.7	\$1,138.0	20.1	(5.9)%
SG&A	\$776.5	14.3	\$767.3	13.6	1.2	%
Income from operations	\$294.6	5.4	\$370.7	6.6	(20.5)%

Net sales for the nine months ended September 30, 2013 decreased \$211.0 million when compared to the same period in 2012. Our AWP segment had significant growth in net sales from continued rental channel replenishment, particularly in North America, Europe and Latin America as well as other international markets. However, the impact of weak demand in European and other markets on our Construction, Cranes, MHPS and MP segments more than offset those net sales increases.

Gross profit for the nine months ended September 30, 2013 decreased \$66.9 million when compared to the same period in 2012. Approximately \$45 million of restructuring and related charges impacted gross profit in the current

year period. The remaining decrease in gross profit was primarily attributable to the reduced overall net sales volume. Our AWP segment's gross profit improved from the prior year period, offset by decreased gross profit in the other four segments.

SG&A costs increased for the nine months ended September 30, 2013 by \$9.2 million when compared to the same period in 2012. Approximately \$26 million of restructuring and related charges affected SG&A costs in the current year period. These charges were partially offset by lower SG&A costs resulting from actions taken in prior periods to lower our cost structure as well as from a charge taken in the prior year period for an acquisition related note receivable that did not recur in the current year period.

Income from operations for the nine months ended September 30, 2013 was \$294.6 million, a decrease of \$76.1 million when compared to the same period in 2012. The decrease was primarily due to approximately \$71 million of restructuring and related charges as well as the impact of decreased net sales.

Aerial Work Platforms

	Nine Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported Amounts	
	(\$ amounts in millions)					
Net sales	\$1,649.0	—		\$1,374.1	—	20.0 %
Gross profit	\$393.1	23.8 %		\$300.7	21.9 %	30.7 %
SG&A	\$138.8	8.4 %		\$125.5	9.1 %	10.6 %
Income from operations	\$254.3	15.4 %		\$175.2	12.8 %	45.1 %

Net sales for the AWP segment for the nine months ended September 30, 2013 increased \$274.9 million when compared to the same period in 2012. We continued to see growth from replacement-based demand in the North American and European rental channels for our aerial work platform products as well as increased demand arising from the early stages of replacement demand in many other international markets.

Gross profit for the nine months ended September 30, 2013 was \$393.1 million, an increase of \$92.4 million when compared to the same period in 2012. Increased net sales, improved price realization and the mix of product sales, contributed approximately \$90 million to the improvement in gross profit.

SG&A costs for the nine months ended September 30, 2013 increased \$13.3 million when compared to the same period in 2012. Higher selling and marketing costs associated with higher net sales increased SG&A spending by approximately \$6 million as compared to the prior year period. Additionally, the allocation of corporate costs was approximately \$6 million higher in the current year period.

Income from operations for the nine months ended September 30, 2013 was \$254.3 million, an increase of \$79.1 million when compared to the same period in 2012. The increase was due to the items noted above, particularly increased net sales volume, partially offset by higher SG&A costs.

Construction

	Nine Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported Amounts	
	(\$ amounts in millions)					
Net sales	\$796.3	—		\$1,042.3	—	(23.6)%
Gross profit	\$76.5	9.6 %		\$111.6	10.7 %	(31.5)%
SG&A	\$98.9	12.4 %		\$110.3	10.6 %	(10.3)%
Income (loss) from operations	\$(22.4)	(2.8)%		\$1.3	0.1 %	*

*Not meaningful as a percentage

Net sales in the Construction segment for the nine months ended September 30, 2013 decreased by \$246.0 million when compared to the same period in 2012. Demand for our Construction products have significantly weakened, particularly in Europe and China. Decreased demand for our large trucks, material handlers and compact construction equipment negatively impacted net sales in the current year period.

Gross profit for the nine months ended September 30, 2013 was \$76.5 million, a decrease of \$35.1 million when compared to the same period in 2012. The decrease was primarily due to lower net sales for our large trucks, material handlers and compact construction product lines and an unfavorable geographic mix primarily as a result of decreased sales in Europe. Additionally, charges taken in connection with the sale of a portion of the roadbuilding businesses decreased gross profit by approximately \$3 million.

SG&A costs for the nine months ended September 30, 2013 decreased \$11.4 million when compared to the same period in 2012. Cost reduction activities taken in prior periods are reflected in lower current period SG&A costs. Additionally, the allocation of corporate costs was approximately \$4 million lower in the current year period. However, approximately \$3 million of restructuring and related charges affected SG&A costs in the current year period.

Income (loss) from operations for the nine months ended September 30, 2013 was a loss of \$22.4 million, a decline of \$23.7 million when compared to the same period in 2012. The decline was primarily due to the impact of lower net sales partially offset by lower SG&A costs.

Cranes

	Nine Months Ended September 30,				% Change In Reported Amounts	
	2013	2012	% of Sales	% of Sales		
	(\$ amounts in millions)					
Net sales	\$1,445.1	—	\$1,476.4	—	(2.1)%
Gross profit	\$252.8	17.5	% \$280.0	19.0	% (9.7)%
SG&A	\$168.0	11.6	% \$165.9	11.2	% 1.3	%
Income from operations	\$84.8	5.9	% \$114.1	7.7	% (25.7)%

Net sales for the Cranes segment for the nine months ended September 30, 2013 decreased by \$31.3 million when compared to the same period in 2012. We have experienced declines in net sales in Australia and Latin America, partially offset by stronger sales in Europe and Middle East. These declines are primarily related to lower commodity driven demand.

Gross profit for the nine months ended September 30, 2013 decreased by \$27.2 million when compared to the same period in 2012. Approximately \$15 million of restructuring and related charges impacted gross profit in the current year period. The decrease in net sales was the primary driver of the remaining decrease in gross profit.

SG&A costs for the nine months ended September 30, 2013 increased \$2.1 million over the same period in 2012. Approximately \$6 million higher selling, marketing and engineering costs were incurred in the current year period. Additionally, the allocation of corporate costs was approximately \$5 million higher in the current year period. However, a \$12 million charge in the prior year period related to the write down of an acquisition related note did not recur in the current year period.

Income from operations for the nine months ended September 30, 2013 decreased \$29.3 million when compared to the same period in 2012, resulting primarily from restructuring and related costs and lower net sales.

Material Handling & Port Solutions

	Nine Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported	Amounts
	(\$ amounts in millions)					
Net sales	\$1,169.6	—		\$1,325.8	—	(11.8)%
Gross profit	\$228.4	19.5%		\$313.4	23.6%	(27.1)%
SG&A	\$296.2	25.3%		\$284.6	21.5%	4.1%
Income (loss) from operations	\$(67.8)	(5.8)%		\$28.8	2.2%	*

*Not meaningful as a percentage

Net sales for the MHPS segment for the nine months ended September 30, 2013 decreased \$156.2 million when compared to the same period in 2012. Weak demand across several geographies, including Europe, South Africa and India, has significantly reduced net sales in both businesses in this segment.

Gross profit for the nine months ended September 30, 2013 decreased \$85.0 million when compared to the same period in 2012. Approximately \$24 million of restructuring and related charges impacted gross profit in the current year period. The remaining decrease in gross profit was primarily attributable to the reduced overall net sales volume.

SG&A costs for the nine months ended September 30, 2013 increased \$11.6 million when compared to the same period in 2012. Approximately \$26 million of restructuring and related charges affected SG&A costs in the current year period. This was partially offset by cost reduction activities taken in prior periods that positively impacted SG&A by approximately \$15 million.

Income (loss) from operations for the nine months ended September 30, 2013 decreased \$96.6 million when compared to the same period in 2012. These results were primarily driven by restructuring and related charges and the impact of lower net sales volume.

Materials Processing

	Nine Months Ended September 30,				% Change In	
	2013	2012	% of Sales	% of Sales	Reported	Amounts
	(\$ amounts in millions)					
Net sales	\$478.3	—		\$509.4	—	(6.1)%
Gross profit	\$110.7	23.1%		\$115.1	22.6%	(3.8)%
SG&A	\$55.6	11.6%		\$56.0	11.0%	(0.7)%
Income from operations	\$55.1	11.5%		\$59.1	11.6%	(6.8)%

Net sales in the MP segment for the nine months ended September 30, 2013 decreased by \$31.1 million when compared to the same period in 2012. The translation effect of foreign currency exchange rate changes negatively impacted net sales by approximately \$10 million. Additionally, the decline in net sales was impacted by weakness in minerals driven markets such as Australia and South America, as well as general construction weakness in Europe. However, our business remained strong in North America driven by replacement demand.

Gross profit for the nine months ended September 30, 2013 decreased by \$4.4 million when compared to the same period in 2012. The decrease was primarily due to lower net sales volume and a negative impact from the translation effect of foreign currency exchange rate changes. However, improved manufacturing cost structure partially offset this decrease.

SG&A costs for the nine months ended September 30, 2013 decreased by \$0.4 million when compared to the same period in 2012. However, SG&A costs in the current year period reflected reduced spending on selling and marketing costs, partially offset by increased engineering costs for investments in new products and markets.

Income from operations for the nine months ended September 30, 2013 was \$55.1 million, a decrease of \$4.0 million from the comparable period in 2012. This was driven primarily by lower net sales partially offset by manufacturing costs controls.

Corporate / Eliminations

	Nine Months Ended September 30,		% of Sales	% of Sales	% Change In Reported Amounts	
	2013	2012				
	(\$ amounts in millions)					
Net sales	\$96.4	) —		\$75.1) —	*
Loss from operations	\$9.4	) *		\$7.8) *	*

*Not meaningful as a percentage

The net sales amounts include the elimination of intercompany sales activity among segments.

Interest Expense, Net of Interest Income

During the nine months ended September 30, 2013, our interest expense net of interest income was \$91.6 million or \$32.0 million lower than the same period in the prior year. This improvement was primarily driven by the capital market activities in 2012 and continued paydown of debt in 2013, which generally resulted in lower cost debt being used to pay off higher cost debt as well as decreasing our debt balances.

Loss on early extinguishment of debt

We recorded a loss of \$5.2 million on early extinguishment of debt during the nine months ended September 30, 2013 related to the redemption of a portion of our term debt. A loss of \$52.3 million on early extinguishment of debt was recorded in the nine months ended September 30, 2012 related to the redemption of certain of our senior notes and convertible debt.

Other Income (Expense) – Net

Other income (expense) – net for the nine months ended September 30, 2013 was expense of \$6.1 million compared to expense of \$2.7 million in 2012, an increase of \$3.4 million when compared to the same period in the prior year. This was driven primarily by losses incurred from the sale of assets in the current year period.

Income Taxes

During the nine months ended September 30, 2013, we recognized an income tax expense of \$64.2 million on income of \$191.7 million, an effective tax rate of 33.5%, as compared to an income tax expense of \$61.7 million on income of \$192.1 million, an effective tax rate of 32.1%, for the nine months ended September 30, 2012. The higher effective tax rate for the nine months ended September 30, 2013 was primarily due to losses that did not produce tax benefits having a greater impact in the current period than in the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

We are continuing to focus on generating cash from operations and promoting growth. Our free cash flow was approximately \$262 million in the nine months ended September 30, 2013. We anticipate generating more than \$400 million of free cash flow during 2013. During the second quarter we used available cash to repay approximately \$220 million of senior term loans outstanding under our bank credit facilities. During the third quarter we borrowed €170.0 million on our revolving credit line to fund the purchase of noncontrolling interest shares in TMHPS AG and we used available cash to repay approximately €135 million of the amount borrowed during the third quarter.

The following table reconciles income from operations to free cash flow (in millions):

	Three months ended 9/30/13	Nine months ended 9/30/13
Income from operations	\$ 140.9	\$ 294.6
Plus: Depreciation and amortization	39.3	117.6
Plus: Proceeds from sale of assets	4.5	45.2
Plus/minus: Changes in working capital	(78.3	) (134.5
Less: Capital expenditures	(19.5	) (60.9
Free cash flow	\$ 86.9	\$ 262.0

Our main sources of funding are cash generated from operations, loans from our bank credit facilities and funds raised in capital markets. We had cash and cash equivalents of \$370.6 million at September 30, 2013. The majority of the cash held by our foreign subsidiaries is expected to be maintained locally because we plan to reinvest such cash and cash equivalents to support our operations and continued growth plans outside the United States through funding of capital expenditures, acquisitions, operating expenses or other similar cash needs of these operations. Such cash could be used in the U.S., if necessary. Cash repatriated to the U.S. could be subject to incremental local and U.S. taxation. Currently, there are no trends, demands or uncertainties as a result of the Company's cash re-investment policy that are reasonably likely to have a material effect on us as a whole or that may be relevant to our financial flexibility.

We believe cash generated from operations, availability under our bank credit facilities and cash on hand, are adequate to support internal operating initiatives and meet operating and debt service requirements. See Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for a detailed description of the risks resulting from our debt and our ability to generate sufficient cash flow to operate our business.

Our ability to generate cash from operations is subject to numerous factors, including the following:

Many of our customers fund their purchases through third-party finance companies that extend credit based on the credit-worthiness of the customers and the expected residual value of our equipment. Changes either in the customers' credit profile or used equipment values may affect the ability of customers to purchase equipment. There can be no assurance that third-party finance companies will continue to extend credit to our customers as they have in the past. As our sales change, the absolute amount of working capital needed to support our business may change.

Our suppliers extend payment terms to us based on our overall credit rating. Declines in our credit rating may influence suppliers' willingness to extend terms and in turn increase the cash requirements of our business.

Sales of our products are subject to general economic conditions, weather, competition, the translation effect of foreign currency exchange rate changes, and other factors that in many cases are outside our direct control. For example, during periods of economic uncertainty, our customers have delayed purchasing decisions, which reduces cash generated from operations.

For certain products, primarily port equipment and process cranes, we negotiate, when possible, advance payments from our customers for products with long lead times to help fund the substantial working capital investment in these products.

Typically, we have invested our cash in a combination of highly rated, liquid money market funds and in short-term bank deposits with large, highly rated banks. Our investment objective is to preserve capital and liquidity while earning a market rate of interest. In 2012, we used a portion of our cash balance to take advantage of early payment discounts offered by our suppliers where the returns were greater than the amount that would have been earned on such cash if invested in money market funds and short-term bank deposits. We have continued this practice in 2013, although we may discontinue it at any time.

Our investment in financial services assets was approximately \$150 million net at September 30, 2013. We remain focused on expanding TFS in key markets like the U.S., Europe and China. We also anticipate using TFS to drive incremental sales by increasing end-customer financing through TFS when we believe the investments are justified.

During 2013, our cash used in inventory was approximately \$114 million as we made investments in businesses showing improved order and inquiry activity. We continue our program to increase inventory turns by sharing, throughout our Company, many of the best practices and lean manufacturing processes that several of our business units have implemented successfully. We expect these initiatives to reduce the level of inventory needed to support our business and allow us to reduce our manufacturing lead times, thereby reducing our working capital requirements. Working capital as percent of trailing three month annualized net sales was 26.0% at September 30, 2013. We continue to expect the ratio of working capital to trailing three months annualized sales to be approximately 22% at the end of 2013.

The following tables show the calculation of our working capital and trailing three months annualized sales as of September 30, 2013 (in millions):

	Three months ended 9/30/13
Net Sales	\$1,810.6
x	4
Trailing Three Month Annualized Net Sales	\$7,242.4
	As of 9/30/13
Inventories	\$1,742.9
Trade Receivables	1,164.5
Less: Trade Accounts Payable	(709.8)
Less: Customer Advances	(312.1)
Total Working Capital	\$1,885.5

We have a credit agreement that provides us with a revolving line of credit of up to \$500 million. The revolving line of credit consists of \$250 million of available domestic revolving loans and \$250 million of available multicurrency revolving loans. We had \$395.7 million available for borrowing under our revolving credit facilities at September 30, 2013. The credit agreement also allows incremental commitments, which may be extended at the option of the lenders and can be in the form of revolving credit commitments, term loan commitments, or a combination of both as long as we satisfy a secured debt financial ratio contained in the credit facilities. We had €35.0 million of outstanding borrowings under our revolving credit facilities as well as U.S. dollar and Euro denominated term loans in the amount of \$493.8 million under our credit agreement as of September 30, 2013.

Interest rates charged under our credit agreement are subject to adjustment based on our consolidated leverage ratio. The U.S. dollar term loans bear interest at a rate of London Interbank Offer Rate ("LIBOR") plus 3.5%, with a floor of 1.0% on LIBOR. The Euro term loans bear interest at a rate of Euro Interbank Offer Rate ("EURIBOR") plus 4.0%, with a floor of 1.0% on EURIBOR. At September 30, 2013, the weighted average interest rate on these term loans was 4.65%.

We manage our interest rate risk by maintaining a balance between fixed and floating rate debt, including the use of interest rate derivatives when appropriate. Over the long term, we believe this mix will produce lower interest cost than a purely fixed rate mix while reducing interest rate risk.

The revolving line of credit under our credit facility matures in April 2016 and our term loans under our credit facility mature in April 2017. Our 4% Convertible Senior Subordinated Notes mature in June 2015, our 6-1/2% Senior Notes mature April 1, 2020 and our 6% Senior Notes mature May 15, 2021. See Note K – "Long-Term Obligations," in our Condensed Consolidated Financial Statements.

Our ability to access the capital markets to raise funds, through the sale of equity or debt securities, is subject to various factors, some specific to us, and others related to general economic and/or financial market conditions. These include results of operations, projected operating results for future periods and debt to equity leverage. Our ability to access the capital markets is also subject to our timely filing of periodic reports with the Securities and Exchange Commission (“SEC”). In addition, the terms of our bank credit facilities, senior notes and senior subordinated notes contain restrictions on our ability to make further borrowings and to sell substantial portions of our assets.

In July 2013, we acquired approximately 14% of the outstanding TMHPS AG shares for approximately \$228 million. We have also initiated a squeeze-out process that will lead to us owning 100% of TMHPS AG and expect this process to be completed in late 2013 or the first half of 2014. We expect that we will pay approximately \$70 million for the remaining outstanding shares of TMHPS AG.

Cash Flows

Cash provided by operations for the nine months ended September 30, 2013 totaled \$163.1 million, compared to \$138.8 million for the nine months ended September 30, 2012. The change in cash from operations was primarily driven by lower tax payments in the nine months ended September 30, 2013 as compared to the prior year period.

Cash used in investing activities for the nine months ended September 30, 2013 was \$16.4 million, compared to \$44.1 million for the nine months ended September 30, 2012. Proceeds from the sale of portions of our construction and roadbuilding products lines in the current year period along with cash used for an investment in a joint venture in the prior year were the primary drivers of the change.

Cash used in financing activities was \$447.9 million for the nine months ended September 30, 2013, compared to cash provided by financing activities for the nine months ended September 30, 2012 of \$326.8 million. The increased cash used in financing was primarily due to the purchase of noncontrolling interest shares in the current year period, partially offset by lower net cash used for long-term debt activities in the current year period.

OFF-BALANCE SHEET ARRANGEMENTS

Guarantees

Our customers, from time to time, fund the acquisition of our equipment through third-party finance companies. In certain instances, we may provide a credit guarantee to the finance company by which we agree to make payments to the finance company should the customer default. Our maximum liability is generally limited to the remaining payments due to the finance company at the time of default. In the event of customer default, we are generally able to recover and dispose of the equipment at a minimum loss, if any, to us.

As of September 30, 2013, our maximum exposure to such credit guarantees was \$54.3 million, including total credit guarantees issued by Terex Cranes Germany GmbH, part of our Cranes segment, and Genie Holdings, Inc. and its affiliates, part of our AWP segment, of \$36.2 million and \$7.8 million, respectively. The terms of these guarantees coincide with the financing arranged by the customer and generally do not exceed five years. Given our position as the original equipment manufacturer and our knowledge of end markets, when called upon to fulfill a guarantee, we have generally been able to liquidate the financed equipment at a minimal loss, if any.

There can be no assurance that historical credit default experience will be indicative of future results. Our ability to recover losses experienced from our guarantees may be affected by economic conditions in effect at the time of loss.

We issue, from time to time, residual value guarantees under sales-type leases. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. As described in Note M – “Litigation and Contingencies” in the Notes to the Condensed Consolidated Financial Statements, our maximum exposure related to residual value guarantees under sales-type leases was \$2.6 million at September 30, 2013. We are generally able to mitigate the risk associated with these guarantees because the maturity of the guarantees is staggered, which limits the amount of used equipment entering the marketplace at any one time.

We guarantee, from time to time, that we will buy equipment from our customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions

generally pertain to the functionality and state of repair of the machine. As of September 30, 2013, our maximum exposure pursuant to buyback guarantees was \$44.8 million. We are generally able to mitigate the risk of these guarantees by staggering the timing of the buybacks and through leveraging our access to the used equipment markets provided by our original equipment manufacturer status.

We have recorded an aggregate liability within Other current liabilities and Other non-current liabilities in the Condensed Consolidated Balance Sheet of approximately \$4 million for the estimated fair value of all guarantees provided as of September 30, 2013.

There can be no assurance that our historical experience in used equipment markets will be indicative of future results. Our ability to recover losses from our guarantees may be affected by economic conditions in the used equipment markets at the time of loss.

CONTINGENCIES AND UNCERTAINTIES

Foreign Currencies and Interest Rate Risk

Our products are sold in over 100 countries around the world and, accordingly, our revenues are generated in foreign currencies, while the costs associated with those revenues are only partly incurred in the same currencies. The major foreign currencies, among others, in which we do business are the Euro, British Pound and Australian Dollar. We may, from time to time, hedge specifically identified committed and forecasted cash flows in foreign currencies using forward currency sale or purchase contracts. At September 30, 2013, we had foreign exchange contracts with a notional value of \$536.3 million.

We manage exposure to interest rates by incurring a mix of indebtedness bearing interest at both floating and fixed rates at inception and maintaining an ongoing balance between floating and fixed rates on this mix of indebtedness using interest rate swaps when necessary.

See “Quantitative and Qualitative Disclosures About Market Risk” below for a discussion of the impact that changes in foreign currency exchange rates and interest rates may have on our financial performance.

Other

We are subject to a number of contingencies and uncertainties including, without limitation, product liability claims, workers’ compensation liability, intellectual property litigation, self-insurance obligations, tax examinations, guarantees, class action lawsuits and the matters described in Note M – “Litigation and Contingencies” in the notes to the Condensed Consolidated Financial Statements. We are insured for product liability, general liability, workers’ compensation, employer’s liability, property damage, intellectual property and other insurable risk required by law or contract with retained liability to us or deductibles. Many of the exposures are unasserted or proceedings are at a preliminary stage, and it is not presently possible to estimate the amount or timing of any of our costs. However, we do not believe that these contingencies and uncertainties will, individually or in the aggregate, have a material adverse effect on our operations. For contingencies and uncertainties other than income taxes, when it is probable that a loss will be incurred and possible to make reasonable estimates of our liability with respect to such matters, a provision is recorded for the amount of such estimate or for the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur.

We generate hazardous and non-hazardous wastes in the normal course of our manufacturing operations. As a result, we are subject to a wide range of federal, state, local and foreign environmental laws and regulations. All of our employees are required to obey all applicable national, local or other health, safety and environmental laws and regulations and must observe the proper safety rules and environmental practices in work situations. These laws and regulations govern actions that may have adverse environmental effects, such as discharges to air and water, and require compliance with certain practices when handling and disposing of hazardous and non-hazardous wastes. These laws and regulations would also impose liability for the costs of, and damages resulting from, cleaning up sites, past spills, disposals and other releases of hazardous substances, should any of such events occur. We are committed to complying with these standards and monitoring our workplaces to determine if equipment, machinery and facilities meet specified safety standards. Each of our facilities is subject to an environmental audit at least once every three years to monitor compliance and no incidents have occurred which required us to pay material amounts to comply with such laws and regulations. We are dedicated to seeing that safety and health hazards are adequately addressed

through appropriate work practices, training and procedures. For example, we have significantly reduced lost time injuries in the workplace since 2007 and we continue to work toward a world-class level of safety practices in our industry.

General

As described in Note M – “Litigation and Contingencies” in the Notes to the Condensed Consolidated Financial Statements, we are involved in various legal proceedings, including product liability, general liability, workers’ compensation liability, employment, commercial and intellectual property litigation, which have arisen in the normal course of operations. We are insured for product liability, general liability, workers’ compensation, employer’s liability, property damage and other insurable risk required by law or contract with retained liability to us or deductibles. We believe that the outcome of such matters, individually and in the aggregate, will not have a material adverse effect on our consolidated financial position. However, the outcomes of lawsuits cannot be predicted and, if determined adversely, could ultimately result in us incurring significant liabilities which could have a material adverse effect on our results of operations.

ERISA, Securities and Stockholder Derivative Lawsuits

We have received complaints seeking certification of class action lawsuits in an ERISA lawsuit, a securities lawsuit and a stockholder derivative lawsuit as follows:

A consolidated complaint in the ERISA lawsuit was filed in the United States District Court, District of Connecticut on September 20, 2010 and is entitled In Re Terex Corp. ERISA Litigation.

A consolidated class action complaint for violations of securities laws in the securities lawsuit was filed in the United States District Court, District of Connecticut on November 18, 2010 and is entitled Sheet Metal Workers Local 32 Pension Fund and Ironworkers St. Louis Council Pension Fund, individually and on behalf of all others similarly situated v. Terex Corporation, et al.

A stockholder derivative complaint for violation of the Securities and Exchange Act of 1934, breach of fiduciary duty, waste of corporate assets and unjust enrichment was filed on April 12, 2010 in the United States District Court, District of Connecticut and is entitled Peter Derrer, derivatively on behalf of Terex Corporation v. Ronald M. DeFeo, Phillip C. Widman, Thomas J. Riordan, G. Chris Andersen, Donald P. Jacobs, David A. Sachs, William H. Fike, Donald DeFosset, Helge H. Wehmeier, Paula H.J. Cholmondeley, Oren G. Shaffer, Thomas J. Hansen, and David C. Wang, and Terex Corporation.

These lawsuits generally cover the period from February 2008 to February 2009 and allege, among other things, that certain of our SEC filings and other public statements contained false and misleading statements which resulted in damages to the Company, the plaintiffs and the members of the purported class when they purchased our securities and in the ERISA lawsuit and the stockholder derivative complaint, that there were breaches of fiduciary duties and of ERISA disclosure requirements. The stockholder derivative complaint also alleges waste of corporate assets relating to the repurchase of our shares in the market and unjust enrichment as a result of securities sales by certain officers and directors. The complaints all seek, among other things, unspecified compensatory damages, costs and expenses. As a result, we are unable to estimate a loss or a range of losses for these lawsuits. The stockholder derivative complaint also seeks amendments to our corporate governance procedures in addition to unspecified compensatory damages from the individual defendants.

We believe that the allegations in the suits are without merit, and Terex, its directors and the named executives will continue to vigorously defend against them. We believe that we have acted, and continue to act, in compliance with federal securities laws and ERISA law with respect to these matters. Accordingly, on November 19, 2010 we filed a motion to dismiss the ERISA lawsuit and on January 18, 2011 we filed a motion to dismiss the securities lawsuit. These motions are currently pending before the court. The plaintiff in the stockholder derivative lawsuit has agreed with us to put this lawsuit on hold pending the outcome of the motion to dismiss in connection with the securities lawsuit.

Powerscreen Patent Infringement Lawsuit

On December 6, 2010, we received an adverse jury verdict in the amount of \$15.8 million in a patent infringement lawsuit brought against Powerscreen International Distribution Limited and Terex by Metso Minerals, Inc. in the United States District Court for the Eastern District of New York. We previously reported that we had appealed the verdict and believed we would ultimately succeed on appeal. On May 14, 2013, we prevailed on appeal and the jury verdict and judgment were reversed in our favor.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-11, “Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities,” (“ASU 2011-11”). ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. In January 2013 the FASB issued ASU 2013-1, “Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities.” ASU 2013-1 limits the scope of ASU 2011-11 to disclosures about offsetting assets and liabilities related to derivatives accounted for in accordance with Accounting Standards Codification (“ASC”) Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. Adoption of this guidance did not have a significant impact on the determination or reporting of our financial results.

In July 2012, the FASB issued ASU 2012-02, “Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment,” (“ASU 2012-02”). ASU 2012-02 amends the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under ASU 2012-02, an entity has the option of performing a qualitative assessment of whether it is more likely than not that the fair value of an entity’s indefinite-lived intangible asset is less than its carrying amount before calculating the fair value of the asset. If the conclusion is that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, we would be required to calculate the fair value of the asset. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. Adoption of this guidance did not have a significant impact on the determination or reporting of our financial results.

In February 2013, the FASB issued ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income,” (“ASU 2013-02”). ASU 2013-02 adds new disclosure requirements for items reclassified out of accumulated other comprehensive income (“AOCI”). ASU 2013-02 intends to help us improve the transparency of changes in other comprehensive income (“OCI”) and items reclassified out of AOCI in our financial statements. ASU 2013-02 does not amend any existing requirements for reporting net income or OCI in our financial statements. ASU 2013-02 is effective for annual and interim reporting periods beginning after December 15, 2012. Adoption of this guidance did not have a significant impact on the determination or reporting of our financial results.

In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity,” (“ASU 2013-05”). The objective of ASU 2013-05 is to clarify the applicable guidance for the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective for annual and interim reporting periods beginning after December 15, 2013 with early adoption permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of our financial results.

In July 2013, the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists,” (“ASU 2013-11”), an amendment to ASC 740, “Income Taxes.” ASU 2013-11 clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax benefit is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be netted with the deferred tax asset. The amendments in ASU 2013-11 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of our financial results.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that exist as part of our ongoing business operations and we use derivative financial instruments, where appropriate, to manage these risks. As a matter of policy, we do not engage in trading or speculative transactions. For further information on accounting policies related to derivative financial instruments, refer to Note I – “Derivative Financial Instruments” in our Condensed Consolidated Financial Statements.

Foreign Exchange Risk

We are exposed to fluctuations in foreign currency cash flows related to third-party purchases and sales, intercompany product shipments and intercompany loans. We are also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, we are exposed to volatility in the translation of foreign currency earnings to U.S. Dollars. Primary exposures include the U.S. Dollar when compared to functional currencies of our major markets, which include the Euro, British Pound and Australian Dollar. We assess foreign currency risk based on transactional cash flows, identify naturally offsetting positions and purchase hedging instruments to partially offset anticipated exposures. At September 30, 2013, we had foreign exchange contracts with a notional value of \$536.3 million. The fair market value of these arrangements, which represents the cost to settle these contracts, was a net gain of \$4.8 million at September 30, 2013.

At September 30, 2013, we performed a sensitivity analysis on the effect that aggregate changes in the translation effect of foreign currency exchange rate changes would have on our operating (loss) income. Based on this sensitivity analysis, we have determined that a change in the value of the U.S. dollar relative to currencies outside the U.S. by 10% to amounts already incorporated in the financial statements for the three months ended September 30, 2013 would have changed the translation effect of foreign currency exchange rate changes already included in our reported operating income for the period by approximately \$3 million.

Interest Rate Risk

We are exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, LIBOR and EURIBOR. We manage interest rate risk by incurring a mix of indebtedness bearing interest at both floating and fixed rates at inception and maintain an ongoing balance between floating and fixed rates on this mix of indebtedness using interest rate swaps when necessary. At September 30, 2013, approximately 33% of our debt was floating rate debt and the weighted average interest rate for all debt was 5.93%.

At September 30, 2013, we performed a sensitivity analysis for our derivatives and other financial instruments that have interest rate risk. We calculated the pretax earnings effect on our interest sensitive instruments. Based on this sensitivity analysis, we have determined that an increase of 10% in our average floating interest rates at September 30, 2013 would have increased interest expense by approximately \$2 million for the nine months ended September 30, 2013.

Commodities Risk

Principal materials and components that we use in our manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect our financial performance. Minor, favorable input cost changes in steel and related products continued to be realized in the third quarter of 2013. These favorable changes were partially off-set by increases in power train and certain other components.

In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain of our businesses receive materials and components from a single source supplier, although alternative suppliers of such materials may be generally available. Current and potential suppliers are evaluated regularly on their ability to meet our requirements and standards. We actively manage our material supply sourcing, and employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any single source suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture our products. We have designed and implemented plans to mitigate the impact of these risks by using alternate suppliers, expanding our supply base globally, leveraging our overall purchasing volumes to obtain favorable quantities and developing a closer working relationship with key suppliers. We are focusing on gaining efficiencies with suppliers based on our global purchasing power and resources.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed,

summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required financial disclosure. In connection with the preparation of this Quarterly Report on Form 10-Q, our management carried out an evaluation, under the supervision and with the participation of our management, including the CEO and CFO, as of September 30, 2013, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) under the Exchange Act. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2013.

(b) Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2013, we implemented an integrated suite of enterprise software at one of our businesses as part of a multi-year global implementation program. The implementation has involved changes to certain processes and related internal controls over financial reporting. We have reviewed the system and the controls affected and made appropriate changes as necessary.

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in certain claims and litigation arising in the ordinary course of business, which are not considered material to our financial operations or cash flow. For information concerning litigation and other contingencies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies and Uncertainties.”

Item 1A. Risk Factors

There have been no material changes in the quarterly period ended September 30, 2013 in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits set forth on the accompanying Exhibit Index have been filed as part of this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEREX CORPORATION
(Registrant)

Date: October 25, 2013

/s/ Kevin P. Bradley
Kevin P. Bradley
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: October 25, 2013

/s/ Mark I. Clair
Mark I. Clair
Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

- 3.1 Restated Certificate of Incorporation of Terex Corporation (incorporated by reference to Exhibit 3.1 of the Form S-1 Registration Statement of Terex Corporation, Registration No. 33-52297).
- 3.2 Certificate of Elimination with respect to the Series B Preferred Stock (incorporated by reference to Exhibit 4.3 of the Form 10-K for the year ended December 31, 1998 of Terex Corporation, Commission File No. 1-10702).
- 3.3 Certificate of Amendment to Certificate of Incorporation of Terex Corporation dated September 5, 1998 (incorporated by reference to Exhibit 3.3 of the Form 10-K for the year ended December 31, 1998 of Terex Corporation, Commission File No. 1-10702).
- 3.4 Certificate of Amendment of the Certificate of Incorporation of Terex Corporation dated July 17, 2007 (incorporated by reference to Exhibit 3.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated July 17, 2007 and filed with the Commission on July 17, 2007).
- 3.5 Amended and Restated Bylaws of Terex Corporation (incorporated by reference to Exhibit 3.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated December 8, 2011 and filed with the Commission on December 13, 2011).
- 4.1 Indenture, dated July 20, 2007, between Terex Corporation and HSBC Bank USA, National Association, as Trustee, relating to senior debt securities (incorporated by reference to Exhibit 4.1 of the Form S-3 Registration Statement of Terex Corporation, Registration No. 333-144796).
- 4.2 Indenture, dated July 20, 2007, between Terex Corporation and HSBC Bank USA, National Association, as Trustee, relating to subordinated debt securities (incorporated by reference to Exhibit 4.2 of the Form S-3 Registration Statement of Terex Corporation, Registration No. 333-144796).
- 4.3 Second Supplemental Indenture, dated June 3, 2009, between Terex Corporation and HSBC Bank USA, National Association relating to 4% Convertible Senior Subordinated Notes Due 2015 (incorporated by reference to Exhibit 4.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated June 3, 2009 and filed with the Commission on June 8, 2009).
- 4.4 Supplemental Indenture, dated as of February 7, 2011, to the Second Supplemental Indenture dated as of June 3, 2009 to the Subordinated Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to the 4% Convertible Senior Subordinated Notes due 2015 (incorporated by reference to Exhibit 4.3 of the Form 8-K Current Report, Commission File No. 1-10702, dated February 7, 2011 and filed with the Commission on February 10, 2011).
- 4.5 Third Supplemental Indenture, dated as of March 27, 2012, to Senior Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to the 6.50% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 27, 2012 and filed with the Commission on March 30, 2012).
- 4.6 Fourth Supplemental Indenture, dated as of November 26, 2012, to the Senior Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to 6% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated November 26, 2012 and filed with the Commission on November 30, 2012).

- 10.1 Terex Corporation Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 of the Form 10-Q for the quarter ended June 30, 2007 of Terex Corporation, Commission File No. 1-10702). ***
- 10.2 1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form S-8 Registration Statement of Terex Corporation, Registration No. 333-03983). ***
- 10.3 Amendment No. 1 to 1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.5 of the Form 10-K for the year ended December 31, 1999 of Terex Corporation, Commission File No. 1-10702). ***
- 10.4 Amendment No. 2 to 1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.6 of the Form 10-K for the year ended December 31, 1999 of Terex Corporation, Commission File No. 1-10702). ***
- 10.5 Terex Corporation Amended and Restated 2000 Incentive Plan (incorporated by reference to Exhibit 10.3 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 14, 2008 and filed with the Commission on October 17, 2008). ***

- 10.6 Form of Restricted Stock Agreement under the Terex Corporation 2000 Incentive Plan between Terex Corporation and participants of the 2000 Incentive Plan (incorporated by reference to Exhibit 10.4 of the Form 8-K Current Report, Commission File No. 1-10702, dated January 1, 2005 and filed with the Commission on January 5, 2005). ***
- 10.7 Form of Option Agreement under the Terex Corporation 2000 Incentive Plan between Terex Corporation and participants of the 2000 Incentive Plan (incorporated by reference to Exhibit 10.5 of the Form 8-K Current Report, Commission File No. 1-10702, dated January 1, 2005 and filed with the Commission on January 5, 2005). ***
- 10.8 Terex Corporation Amended and Restated Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.10 of the Form 10-K for the year ended December 31, 2008 of Terex Corporation, Commission File No. 1-10702). ***
- 10.9 Terex Corporation Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 of the Form 10-Q for the quarter ended June 30, 2004 of Terex Corporation, Commission File No. 1-10702). ***
- 10.10 Amendment to the Terex Corporation Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 14, 2008 and filed with the Commission on October 17, 2008). ***
- 10.11 Terex Corporation Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated May 9, 2013 and filed with the Commission on May, 14, 2013). ***
- 10.12 Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated May 9, 2013 and filed with the Commission on May, 14, 2013). ***
- 10.13 Form of Restricted Stock Agreement (time based) under the Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan between Terex Corporation and participants of the 2009 Omnibus Incentive Plan. ***
- 10.14 Form of Restricted Stock Agreement (performance based) under the Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan between Terex Corporation and participants of the 2009 Omnibus Incentive Plan. ***
- 10.15 Amended and Restated Credit Agreement dated as of August 5, 2011, among Terex Corporation, certain of its subsidiaries, the Lenders named therein and Credit Suisse AG, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 5, 2011 and filed with the Commission August 10, 2011).
- 10.16 Amendment No. 1, dated as of October 12, 2012, to the Amended and Restated Credit Agreement dated as of August 5, 2011, among Terex Corporation, certain of its subsidiaries, the Lenders named therein and Credit Suisse AG, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 12, 2012 and filed with the Commission October 15, 2012).

Edgar Filing: TEREX CORP - Form 10-Q

- 10.17 Guarantee and Collateral Agreement dated as of August 11, 2011, among Terex Corporation, certain of its subsidiaries, and Credit Suisse AG, as Collateral Agent (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 11, 2011 and filed with the Commission August 16, 2011).
- 10.18 Underwriting Agreement, dated March 22, 2012, among Terex Corporation and Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., RBS Securities Inc. and UBS Securities LLC, as representatives for the several underwriters named therein (incorporated by reference to Exhibit 1.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 22, 2012 and filed with the Commission March 27, 2012).
- 10.19 Underwriting Agreement, dated November 8, 2012, among Terex Corporation and Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., RBS Securities Inc. and UBS Securities LLC, as representatives for the several underwriters named therein (incorporated by reference to Exhibit 1.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated November 7, 2012 and filed with the Commission November 13, 2012).
- 10.20 Business Combination Agreement dated June 16, 2011, among Terex Corporation, Terex Industrial Holding AG and Demag Cranes AG (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated June 16, 2011 and filed with the Commission on June 21, 2011).
- 10.21 Amended and Restated Employment and Compensation Agreement, dated August 9, 2012, between Terex Corporation and Ronald M. DeFeo (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 9, 2012 and filed with the Commission on August 13, 2012).

- 10.22 Life Insurance Agreement, dated as of October 13, 2006, between Terex Corporation and Ronald M. DeFeo (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 13, 2006 and filed with the Commission on October 16, 2006).
- 10.23 Transition and Retirement Agreement between Terex Corporation and Phillip C. Widman, dated October 19, 2012 (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 19, 2012 and filed with the Commission on October 22, 2012).
- 10.24 Form of Change in Control and Severance Agreement between Terex Corporation and certain executive officers (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 29, 2011 and filed with the Commission on March 31, 2011).
- 10.25 Form of Change in Control and Severance Agreement between Terex Corporation and certain executive officers (incorporated by reference to Exhibit 10.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 29, 2011 and filed with the Commission on March 31, 2011).
- 12 Calculation of Ratio of Earnings to Fixed Charges. *
- 31.1 Chief Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a). *
- 31.2 Chief Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a). *
- 32 Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes –Oxley Act of 2002. **
- 101.INS XBRL Instance Document. *
- 101.SCH XBRL Taxonomy Extension Schema Document. *
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document. *
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document. *
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document. *
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document. *
- * Exhibit filed with this document.
- ** Exhibit furnished with this document.
- *** Denotes a management contract or compensatory plan or arrangement.