

MANITOWOC CO INC
Form 10-K/A
July 31, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 2)

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2007

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number
1-11978

The Manitowoc Company, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin

39-0448110

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(State or other jurisdiction
of incorporation)

(I.R.S. Employer
Identification Number)

**2400 South 44th Street,
Manitowoc, Wisconsin**
(Address of principal executive offices)

54221-0066
(Zip Code)

(920) 684-4410

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

(Title of each class) Common Stock Purchase Rights
Common Stock, \$.01 Par Value

Name of each exchange on which registered
New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act. Yes No

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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The Aggregate Market Value on June 29, 2007, of the registrant's Common Stock held by non-affiliates of the registrant was \$5,041,962,259 based on the closing per share price of \$40.19 on that date.

The number of shares outstanding of the registrant's Common Stock as of January 31, 2008, the most recent practicable date, was 129,864,334.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement, to be prepared and filed for the annual Meeting of Shareholders, dated March 26, 2008 (the 2008 Proxy Statement), are incorporated by reference in Part III of this report.

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (Amendment No. 2) amends The Manitowoc Company, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2007 that was filed with the Securities and Exchange Commission on February 29, 2008 (the original Form 10-K), as amended by Amendment No. 1 on Form 10-K/A filed on April 10, 2008 (Amendment No. 1). This Amendment No. 2 is being filed solely to revise Part II, Item 8 on the original Form 10-K. The original Form 10-K inadvertently omitted portions of Note 20 and Note 21 in the Notes to Consolidated Financial Statements. This Amendment No. 2 is also being filed to include certain exhibits that were inadvertently omitted from Amendment No. 1.

For the convenience of the reader, this Amendment No. 2 sets forth Part II, Item 8 in its entirety and includes the revised Notes to the Consolidated Financial Statements. Other than the revisions referred to above, all other information included in the original Form 10-K remains unchanged. This Amendment No. 2 is not intended to, nor does it, reflect events occurring after the filing of the original Form 10-K, and does not modify or update the disclosures therein in any way other than as required to reflect the changes described above.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements and Financial Statement Schedule:

Financial Statements:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended December 31, 2007, 2006 and 2005

Consolidated Balance Sheets as of December 31, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005

Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended December 31, 2007, 2006 and 2005

Notes to Consolidated Financial Statements

Financial Statement Schedule:

Schedule II Valuation and Qualifying Accounts for the three years ended December 31, 2007

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of The Manitowoc Company, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Manitowoc Company, Inc. and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United

States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing in Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Notes 1, 11 and 14 to the consolidated financial statements, the Company changed its method of accounting for uncertain tax benefits in 2007 and stock compensation in 2006.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
February 29, 2008

The Manitowoc Company, Inc.

Consolidated Statements of Operations

For the years ended December 31, 2007, 2006 and 2005

Millions of dollars, except per share data	2007	2006	2005
Operations			
Net sales	\$ 4,005.0	\$ 2,933.3	\$ 2,254.1
Costs and expenses:			
Cost of sales	3,093.4	2,286.0	1,832.2
Engineering, selling and administrative expenses	401.9	341.6	282.3
Amortization expense	5.8	3.3	3.1
Gain on sale of parts line	(3.3)		
Pension settlements	5.3		
Plant consolidation and restructuring costs			3.2
Total costs and expenses	3,503.1	2,630.9	2,120.8
Operating earnings from continuing operations	501.9	302.4	133.3
Other expenses:			
Interest expense	(36.3)	(46.3)	(53.8)
Loss on debt extinguishment	(12.5)	(14.4)	(9.1)
Other income (expense)-net	9.9	3.2	3.5
Total other expenses	(38.9)	(57.5)	(59.4)
Earnings from continuing operations before taxes on earnings	463.0	244.9	73.9
Provision for taxes on earnings	129.4	78.4	14.8
Earnings from continuing operations	333.6	166.5	59.1
Discontinued operations:			
Earnings (loss) from discontinued operations, net of income taxes of \$(1.8), \$0.2 and \$(1.2), respectively	3.1	(0.3)	0.9
Gain on sale or closure of discontinued operations, net of income taxes of (\$6.4)			5.8
Net earnings	\$ 336.7	\$ 166.2	\$ 65.8
Per Share Data			
Basic earnings per share:			
Earnings from continuing operations	\$ 2.68	\$ 1.36	\$ 0.49
Earnings from discontinued operations, net of income taxes	0.02		0.01
Gain on sale or closure of discontinued operations, net of income taxes			0.05
Net earnings	\$ 2.70	\$ 1.36	\$ 0.55
Diluted earnings per share:			
Earnings from continuing operations	\$ 2.62	\$ 1.33	\$ 0.48
Earnings from discontinued operations, net of income taxes	0.02		0.01
Gain on sale or closure of discontinued operations, net of income taxes			0.05
Net earnings	\$ 2.64	\$ 1.32	\$ 0.53

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

The Manitowoc Company, Inc.

Consolidated Balance Sheets

As of December 31, 2007 and 2006

Millions of dollars, except share data	2007	2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 363.9	\$ 173.7
Marketable securities	2.5	2.4
Restricted cash	16.7	15.1
Accounts receivable, less allowances of \$27.5 and \$27.6, respectively	427.1	285.2
Inventories net	597.7	492.4
Deferred income taxes	66.1	97.7
Other current assets	101.6	76.2
Total current assets	1,575.6	1,142.7
Property, plant and equipment net	489.5	398.9
Goodwill	518.8	462.1
Other intangible assets net	200.6	160.0
Deferred income taxes	27.6	14.3
Other non-current assets	56.6	41.5
Total assets	\$ 2,868.7	\$ 2,219.5
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 945.5	\$ 839.6
Short-term borrowings	13.1	4.1
Product warranties	81.3	59.6
Product liabilities	34.7	32.1
Total current liabilities	1,074.6	935.4
Non-Current Liabilities:		
Long-term debt, less current portion	217.5	264.3
Pension obligations	22.3	64.5
Postretirement health and other benefit obligations	51.3	59.9
Long-term deferred revenue	60.6	71.6
Other non-current liabilities	92.5	49.3
Total non-current liabilities	444.2	509.6
Commitments and contingencies (Note 15)		
Stockholders' Equity:		
Common stock (300,000,000 and 150,000,000 shares authorized, 163,175,928 and 79,587,964 shares issued, 129,880,734, and 62,121,862 shares outstanding, respectively) respectively)	1.4	0.7
Additional paid-in capital	419.8	231.8
Accumulated other comprehensive income	114.5	48.0
Retained earnings	903.8	587.4
Treasury stock, at cost (33,295,194 and 17,466,102 shares, respectively)	(89.6)	(93.4)
Total stockholders' equity	1,349.9	774.5
Total liabilities and stockholders' equity	\$ 2,868.7	\$ 2,219.5

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

The Manitowoc Company, Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2007, 2006 and 2005

Millions of dollars	2007	2006	2005
Cash Flows From Operations			
Net earnings	\$ 336.7	\$ 166.2	\$ 65.8
Adjustments to reconcile net earnings to cash provided by operating activities of continuing operations:			
Discontinued operations, net of income taxes	(3.1)	0.3	(6.7)
Pension settlements	1.3		
Gain on sales of parts line	(3.3)		
Depreciation	82.3	69.0	60.4
Amortization of intangible assets	5.8	3.3	3.1
Amortization of deferred financing fees	1.1	1.4	2.1
Deferred income taxes	4.2	(3.8)	14.0
Plant relocation and restructuring costs			3.2
Loss on early extinguishment of debt	2.3	3.1	2.6
Gain on sale of property, plant and equipment	(4.3)	(2.4)	(5.0)
Changes in operating assets and liabilities, excluding the effects of business acquisitions or dispositions:			
Accounts receivable	(119.0)	(7.5)	(24.7)
Inventories	(105.2)	(160.6)	(113.5)
Other assets	(41.4)	14.4	(12.2)
Accounts payable and accrued expenses	36.7	106.7	73.2
Other liabilities	44.1	104.3	58.2
Net cash provided by operating activities of continuing operations	238.2	294.4	120.5
Net cash used for operating activities of discontinued operations		(0.3)	(13.8)
Net cash provided by operating activities	238.2	294.1	106.7
Cash Flows From Investing			
Capital expenditures	(119.6)	(67.6)	(54.9)
Proceeds from sale of property, plant and equipment	9.8	10.3	15.1
Restricted cash	(1.6)	(15.1)	
Business acquisitions, net of cash acquired	(79.9)	(48.1)	
Proceeds from sale of parts product line	4.9		
Purchase of marketable securities	(0.1)	(0.1)	(0.1)
Net cash used for investing activities of continuing operations	(186.5)	(120.6)	(39.9)
Net cash provided by investing activities of discontinued operations			28.3
Net cash used for investing activities	(186.5)	(120.6)	(11.6)
Cash Flows From Financing			
Net proceeds from issuance of common stock	157.1		
Payments on long-term debt	(113.8)	(223.5)	(77.1)
Proceeds from long-term debt	13.8		
Proceeds from (payments on) short-term borrowings-net		(13.6)	19.9
Proceeds from (payments on) revolving credit facility-net	56.7	(4.3)	4.3
Proceeds from (payments on) notes financing - net	(4.3)	(15.4)	14.2
Debt issue costs	(0.1)	(0.2)	(1.8)
Dividends paid	(9.5)	(8.6)	(8.4)
Exercises of stock options including windfall tax benefits	27.9	30.2	10.8
Net cash provided by (used for) financing activities	127.9	(235.4)	(38.1)
Effect of exchange rate changes on cash	10.7	6.1	(3.9)
Net increase (decrease) in cash and cash equivalents	190.2	(55.8)	53.1
Balance at beginning of year	173.7	229.5	176.4
Balance at end of year	\$ 363.9	\$ 173.7	\$ 229.5

Supplemental Cash Flow Information

Interest paid	\$	41.5	\$	48.3	\$	50.3
Income taxes paid	\$	141.8	\$	23.7	\$	12.2

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

The Manitowoc Company, Inc.

**Consolidated Statements of Stockholders Equity
and Comprehensive Income**

For the years ended December 31, 2007, 2006 and 2005

Millions of dollars, except shares data	2007	2006	2005
Common Stock - Shares Outstanding			
Balance at beginning of year	62,121,862	30,362,501	29,949,715
Stock options exercised	936,105	1,065,668	432,590
Two-for-one stock split	62,799,852	30,605,986	
Stock swap for stock options exercised	(6,385)	(10,593)	(19,804)
Restricted stock	29,300	98,300	
Issuance of common stock	4,000,000		
Balance at end of year	129,880,734	62,121,862	30,362,501
Common Stock - Par Value			
Balance at beginning of year	\$ 0.7	\$ 0.4	\$ 0.4
Issuance of common stock	0.1		
Two-for-one stock split	0.6	0.3	
Balance at end of year	\$ 1.4	\$ 0.7	\$ 0.4
Additional Paid-in Capital			
Balance at beginning of year	\$ 231.8	\$ 195.9	\$ 188.6
Issuance of common stock	156.8		0.2
Two-for-one stock split	(0.6)	(0.3)	
Stock options exercised	7.1	9.1	7.1
Restricted stock expense	2.0	1.2	
Windfall tax benefit on stock options exercised	16.5	20.2	
Stock option expense	6.2	5.7	
Balance at end of year	\$ 419.8	\$ 231.8	\$ 195.9
Accumulated Other Comprehensive Income			
Balance at beginning of year	\$ 48.0	\$ 16.6	\$ 61.0
Other comprehensive income (loss):			
Foreign currency translation adjustments	47.4	35.2	(34.4)
Derivative instrument fair market adjustment, net of income taxes of \$(0.4), \$0.9 and \$(1.4)	(0.7)	1.6	(3.5)
Adoption of FAS 158, net of income taxes of \$ (3.9)		(7.3)	
Additional minimum pension liability, net of income taxes of \$0.0, \$0.9 and \$(3.5)		1.9	(6.5)
Employee postretirement benefits, net of income taxes of \$10.7	19.8		
Balance at end of year	\$ 114.5	\$ 48.0	\$ 16.6
Retained Earnings			
Balance at beginning of year	\$ 587.4	\$ 429.8	\$ 372.4
Adoption of FIN 48	(10.8)		
Net earnings	336.7	166.2	65.8
Cash dividends	(9.5)	(8.6)	(8.4)
Balance at end of year	\$ 903.8	\$ 587.4	\$ 429.8
Treasury Stock			
Balance at beginning of year	\$ (93.4)	\$ (99.4)	\$ (103.6)
Stock options exercised	3.8	6.0	3.7
Restricted stock issued			0.5
Balance at end of year	\$ (89.6)	\$ (93.4)	\$ (99.4)
Comprehensive Income			
Net earnings	\$ 336.7	\$ 166.2	\$ 65.8
Other comprehensive income (loss):			
Foreign currency translation adjustments	47.4	35.2	(34.4)
Derivative instrument fair market adjustment, net of income taxes	(0.7)	1.6	(3.5)

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Additional minimum pension liability, net of income taxes			1.9	(6.5)		
Employee postretirement benefits, net of income taxes		19.8				
Comprehensive income	\$	403.2	\$	204.9	\$	21.4

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

Notes to Consolidated Financial Statements

1. Company and Basis of Presentation

Company The Manitowoc Company, Inc. and its subsidiaries (collectively referred to as the company) is a diversified industrial manufacturer of cranes, foodservice equipment and mid-size commercial, research and military ships. The company was founded in 1902 and operates in three business segments: Cranes and Related Products (Crane); Foodservice Equipment (Foodservice); and Marine.

The Crane business is a global provider of engineered lift solutions which designs, manufactures and markets a comprehensive line of lattice-boom crawler cranes, mobile telescopic cranes, tower cranes, and boom trucks. The Crane products are marketed under the Manitowoc, Grove, Potain, and National brand names and are used in a wide variety of applications, including energy, petrochemical and industrial projects, infrastructure development such as road, bridge and airport construction, commercial and high-rise residential construction, mining and dredging. Our crane-related product support services are marketed under the Crane CARE brand name and include maintenance and repair services and parts supply.

The Foodservice business is a broad-line manufacturer of cold side commercial foodservice products. Foodservice designs, manufactures and markets full product lines of ice making machines, walk-in and reach-in refrigerators and freezers, fountain beverage delivery systems and other foodservice refrigeration products for the lodging, restaurant, healthcare, convenience store, soft-drink bottling, and institutional foodservice markets. Foodservice products are marketed under the Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann's, Koolaire, Flomatic, Kyees, RDI, and other brand names.

The Marine business provides new construction, ship repair and maintenance services for freshwater and saltwater vessels and oceangoing mid-size commercial, research, and military vessels from three shipyards on the Great Lakes. Marine serves the Great Lakes maritime market consisting of U.S. and Canadian fleets, inland waterway operations and ocean going vessels that transit the Great Lakes and St. Lawrence Seaway.

Basis of Presentation The consolidated financial statements include the accounts of The Manitowoc Company, Inc. and its wholly and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and

liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies

Cash Equivalents, Restricted Cash and Marketable Securities All short-term investments purchased with an original maturity of three months or less are considered cash equivalents. Marketable securities at December 31, 2007 and 2006, include securities which are considered available for sale. The difference between fair market value and cost of these investments was not significant for either year. Restricted cash represents cash in escrow funds which replaced outstanding letters of credit related to performance under a certain Marine contract and security for the indemnity agreement for our casualty insurance provider.

Inventories Inventories are valued at the lower of cost or market value. Approximately 88% and 85% of the company's inventories at December 31, 2007 and 2006, respectively, were valued using the first-in, first-out (FIFO) method. The remaining inventories were valued using the last-in, first-out (LIFO) method. If the FIFO inventory valuation method had been used exclusively, inventories would have increased by \$23.7 million and \$22.9 million at December 31, 2007 and 2006, respectively. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Goodwill and Other Intangible Assets The company accounts for its goodwill and other intangible assets under Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Under SFAS No. 142, goodwill is not amortized, but it is tested for impairment at least annually. The company's other intangible assets with indefinite lives, including trademarks and tradenames, and in-place distributor networks, are not amortized, but are also tested for impairment at least annually. The company's other intangible assets subject to amortization are tested for impairment at least annually and are amortized over the following estimated useful lives:

	Useful lives
Patents	10-20 years
Engineering drawings	15 years
Customer relationships	10-20 years

Property, Plant and Equipment Property, plant and equipment is stated at cost. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Expenditures for major renewals and improvements that substantially extend the capacity or useful life of an asset are capitalized and amortized by depreciation charges. The cost and accumulated depreciation for property, plant and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains or losses are reflected in earnings. Property, plant and equipment is depreciated over the estimated useful lives of the assets using the straight-line depreciation method for financial reporting and on accelerated methods for income tax purposes.

Property, plant and equipment is depreciated over the following estimated useful lives:

	Years
Building and improvements	2-40
Drydocks and dock fronts	15-25

Machinery, equipment and tooling	2-20
Furniture and fixtures	5-20
Computer hardware and software	2-5

Property, plant and equipment also include cranes accounted for as leases. Equipment accounted for as leases includes equipment leased directly to the customer and equipment for which the company has assisted in the financing arrangement whereby it has guaranteed more than insignificant residual value or made a buyback commitment. Equipment that is leased directly to the customer is accounted for as operating leases with the related assets capitalized and depreciated over their estimated economic life. Equipment involved in financing arrangements is depreciated over the life of the underlying arrangement

so that the net book value at the end of the period equals the buyback amount or the residual value amount. The amount of rental equipment included in property, plant and equipment amounted to \$115.3 million and \$120.0 million, net of accumulated depreciation, at December 31, 2007 and 2006, respectively.

Impairment of Long-Lived Assets The company reviews long-lived assets, including goodwill and other intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Each year the company tests for impairment of goodwill according to a two-step approach. In the first step, the company estimates the fair values of its reporting units using the present value of future cash flows approach, subject to a comparison for reasonableness to its market capitalization at the date of valuation. If the carrying amount exceeds the fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss, if any. In the second step the implied fair value of the goodwill is estimated as the fair value of the reporting unit used in the first step less the fair values of all other net tangible and intangible assets of the reporting unit. If the carrying amount of the goodwill exceeds its implied fair market value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill. In addition, goodwill of a reporting unit is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. For other intangible assets, the impairment test consists of a comparison of the fair value of the intangible assets to their carrying amount.

For property, plant and equipment and other long-lived assets, other than goodwill and other intangible assets, the company performs undiscounted operating cash flow analyses to determine impairments. If an impairment is determined to exist, any related impairment loss is calculated based upon comparison of the fair value to the net book value of the assets. Impairment losses on assets held for sale are based on the estimated proceeds to be received, less costs to sell.

Financial Instruments The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable, and short-term variable rate debt approximated fair value at December 31, 2007 and 2006. The fair value of the company's 7 1/8% Senior Notes due 2013 was approximately \$149.3 million and \$151.2 million at December 31, 2007 and 2006, respectively (see Note 9, Debt for the related book values of these debt instruments). The aggregate fair values of interest rate swaps, commodity contracts and foreign currency exchange contracts at December 31, 2007 and 2006 were \$2.4 million and (\$1.1) million, respectively. These fair values are the amounts at which they could be settled, based on estimates obtained from financial institutions.

Warranties Estimated warranty costs are recorded in cost of sales at the time of sale of the warranted products based on historical warranty experience for the related product or estimates of projected costs due to specific warranty issues on new products. These estimates are reviewed periodically and are adjusted based on changes in facts, circumstances or actual experience.

Environmental Liabilities The company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Such accruals are adjusted as information develops or circumstances change. Costs of long-term expenditures for environmental remediation obligations are discounted to their present value when the timing of cash flows are estimable.

Product Liabilities The company records product liability reserves for its self-insured portion of any pending or threatened product liability actions. The reserve is based upon two estimates. First, the company tracks the population of all outstanding pending and threatened product liability cases to determine an appropriate case reserve for each based upon the company's best judgment and the advice of legal counsel. These estimates are continually evaluated and adjusted based upon changes to facts and circumstances surrounding the case. Second, the company

determines the amount of additional reserve required to cover incurred but not reported product liability issues and to account for possible adverse development of the established case reserves (collectively referred to as IBNR). This analysis is performed at least twice annually.

Foreign Currency Translation The financial statements of the company's non-U.S. subsidiaries are translated using the current exchange rate for assets and liabilities and the average exchange rate for the year for income and expense items. Resulting translation adjustments are recorded to Accumulated Other Comprehensive Income (AOCI) as a component of stockholders' equity.

Derivative Financial Instruments and Hedging Activities The company has written policies and procedures that place all financial instruments under the direction of corporate treasury and restrict all derivative transactions to those intended for hedging purposes. The use of financial instruments for trading purposes is strictly prohibited. The company uses financial instruments to manage the market risk from changes in foreign exchange rates and interest rates. The company follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, No. 138, and No. 149. The fair values of all derivatives are recorded in the Consolidated Balance Sheets. The change in a derivative's fair value is recorded each period in current earnings or Other Comprehensive Income (OCI) depending on whether the derivative is designated and qualifies as part of a hedge transaction and if so, the type of hedge transaction.

Cash Flow Hedge The company selectively hedges anticipated transactions that are subject to foreign exchange exposure or commodity price exposure, primarily using foreign currency exchange contracts and commodity contracts, respectively. These instruments are designated as cash flow hedges in accordance with SFAS No. 133 and are recorded in the Consolidated Balance Sheets at fair value. The effective portion of the contracts' gains or losses due to changes in fair value are initially recorded as a component of OCI and are subsequently reclassified into earnings when the hedge transactions, typically sales and costs related to sales, occur and affect earnings. These contracts are highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates or commodity prices.

For the years ended December 31, 2007, 2006 and 2005, no amount was recognized in earnings due to ineffectiveness of a hedge transaction. As of December 31, 2007, the company has no floating-to-fixed interest rate swap contracts outstanding. The amount reported as derivative instrument fair market value adjustment in the accumulated OCI account within stockholders' equity represents the net gain (loss) on foreign exchange currency exchange contracts and commodity contracts designated as cash flow hedges, net of income taxes.

Fair Value Hedges The company periodically enters into interest rate swaps designated as a hedge of the fair value of a portion of its fixed rate debt. These hedges effectively result in changing a portion of its fixed rate debt to variable interest rate debt. Both the swaps and the hedged portion of the debt are recorded in the Consolidated Balance Sheets at fair value. The change in fair value of the swaps exactly offsets the change in fair value of the hedged debt, with no net impact to earnings. Interest expense of the hedged debt is recorded at the variable rate in earnings. See Note 9, Debt for additional information related to these hedges.

The company selectively hedges cash inflows and outflows that are subject to foreign currency exposure from the date of transaction to the related payment date. The hedges for these foreign currency accounts receivable and accounts payable are classified as fair value hedges in accordance with SFAS No. 133 and are recorded in the Consolidated Balance Sheets at fair value. Gains or losses due to changes in fair value are recorded as an adjustment to earnings in the Consolidated Statements of Operations.

Stock-Based Compensation At December 31, 2007, the company has five stock-based compensation plans, which are described more fully in Note 14, Stock Based Compensation. Effective January 1, 2006, the company adopted SFAS No. 123 (R), Share-Based Payment: An Amendment of Financial Accounting Standards Board Statements No. 123 (SFAS No. 123(R)), which revised SFAS No. 123, Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be measured at fair value and expensed in the Consolidated Statements of Operations over the service period (generally the vesting period) of the grant. Upon adoption, the company transitioned to SFAS No. 123(R) using the modified prospective application, under which compensation expense is only recognized in the Consolidated Statements of Operations beginning with the first period

that SFAS No. 123(R) is effective and continuing to be expensed thereafter. The following table illustrates the effect on net earnings and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123(R) to stock based employee compensation for the year ended December 31, 2005.

	2005	
Reported net earnings	\$	65.8
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of income taxes		(4.4)
Proforma net earnings	\$	61.4
Earnings (loss) per share		
Basic as reported	\$	0.55
Basic pro forma	\$	0.51
Diluted as reported	\$	0.53
Diluted pro forma	\$	0.50

In addition to the compensation expense related to stock options, the company recognized \$2.0 million, \$1.2 million and \$0.5 million of compensation expense related to restricted stock during the years ended December 31, 2007, 2006 and 2005, respectively.

Revenue Recognition and Long-Term Contracts Revenue is generally recognized and earned when all the following criteria are satisfied with regard to a specific transaction: persuasive evidence of a sales arrangement exists; the price is fixed or determinable; collectability of cash is reasonably assured; and delivery has occurred or services have been rendered. Shipping and handling fees are reflected in net sales and shipping and handling costs are reflected in cost of sales in the Consolidated Statements of Operations. Revenues under long-term contracts within the Marine segment are recorded using the percentage-of-completion method of accounting. Revenue under these fixed-price long-term contracts are recorded based on the ratio of costs incurred to estimated total costs at completion, and costs are expensed as incurred. Amounts representing contract change orders, claims or other items are included in revenue only when they can be reliably estimated and realization is probable. When adjustments in contract value or estimated costs are determined, any changes from prior estimates are reflected in earnings in the current period. Anticipated losses on contracts or programs in progress are charged to earnings when identified.

Amounts related to long-term contracts accounted for according to the percentage-of-completion method included in the Consolidated Balance Sheets at December 31 were as follows:

	2007		2006	
Amounts billed, included in accounts receivable	\$	10.8	\$	10.3
Recoverable costs and accrued profit on progress completed but not billed, included in other current assets	\$	38.0	\$	33.8
Amounts billed in excess of sales, included in accounts payable and accrued expenses	\$	65.6	\$	57.2

Recoverable costs and accrued profit on progress completed but not billed related to amounts not billable at the balance sheet date. It is anticipated that such amounts will be billed in the first quarter of the subsequent year. Amounts billed but not paid pursuant to retainage contract provisions, which are due upon completion of the contracts, were \$1.9 million and \$2.4 million as of December 31, 2007 and 2006, respectively, and are included in other current assets in the Consolidated Balance Sheets.

As discussed above, the company enters into transactions with customers that provide for residual value guarantees and buyback commitments on certain crane transactions. The company records transactions which it provides significant residual value guarantees and any buyback commitments as operating leases. Net revenues in connection with the initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer's third party financing agreement. See Note 16, Guarantees.

The company also leases cranes to customers under operating lease terms. Proceeds received in connection with these transactions are recognized as revenue over the term of the lease, and leased cranes are depreciated over their estimated useful lives.

Research and Development Research and development costs are charged to expense as incurred and amount to \$36.1 million, \$31.2 million and \$26.0 million, for the years ended December 31, 2007, 2006 and 2005, respectively. Research and development costs include salaries, materials, contractor fees and other administrative costs.

Income Taxes The company utilizes the liability method to recognize deferred tax assets and liabilities for the expected future income tax consequences of events that have been recognized in the company's financial statements. Under this method, deferred tax assets and liabilities are determined based on the temporary difference between financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. Valuation allowances are provided for deferred tax assets where it is considered more likely than not that the company will not realize the benefit of such assets.

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. FIN No. 48 was effective for the company on January 1, 2007. Upon the adoption of FIN No. 48 the Company recognized an additional tax liability of \$10.8 million and a corresponding reduction in retained earnings recorded as cumulative effect of accounting change in the Consolidated Statements of Operations in the first quarter of 2007.

Earnings Per Share Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during each year or period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding is increased to include shares of restricted stock and the number of additional shares that would have been outstanding if stock options were exercised and the proceeds from such exercise were used to acquire shares of common stock at the average market price during the year or period.

Comprehensive Income Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to stockholders' equity. Currently, these items are foreign currency translation adjustments, employee postretirement benefit adjustments and the change in fair value of certain derivative instruments.

Concentration of Credit Risk Credit extended to customers through trade accounts receivable potentially subjects the company to risk. This risk is limited due to the large number of customers and their dispersion across various industries and many geographical areas. However, a significant amount of the company's receivables are with distributors and contractors in the construction industry, large companies in the foodservice and beverage industry, customers servicing the U.S. steel industry, and the U.S. Government. The company currently does not foresee a significant credit risk associated with these individual groups of receivables.

Recent accounting changes and pronouncements In December 2007, the FASB issued SFAS No. 141(R), Business Combinations, which establishes principles and requirements for

how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) requires contingent consideration to be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value to be recognized in earnings until settled. SFAS 141(R) also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as part of the cost of the acquisition. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently evaluating the impact this statement will have on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 permits all entities to choose, at specified election dates, to measure eligible items at fair value (the *fair value option*). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected are recognized in earnings as incurred and not deferred. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 was effective for the Company on January 1, 2008. The adoption of SFAS No. 159 did not have an impact on the Company's Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an Amendment of ARB No. 51*, which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 also provides guidance when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the impact this statement will have on its financial position and results of operations.

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments an Amendment of FASB Statement No. 133 and 140*. SFAS No. 155 amends certain aspects of SFAS No. 133, primarily related to hybrid financial instruments and beneficial interests in securitized financial assets, as well as amends SFAS No. 140, related to eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity (SPE) may hold. SFAS No. 155 was effective for the Company on January 1, 2007. The adoption of SFAS No. 155 did not have an impact on the Company's Consolidated Financial Statements.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140*. SFAS No. 156, amends certain aspects of SFAS No. 140, by requiring that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. SFAS No. 156 was effective for the Company on January 1, 2007. The adoption of SFAS No. 156 did not have an impact on the Company's Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-b which delays the effective date of SFAS 157 for one year, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FAS 157 and FSP 157-b are effective for financial statements issued for fiscal years beginning after November 15, 2007. The company has elected a partial deferral of SFAS 157 under the provisions of FSP 157-b related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting SFAS 157 effective January 1, 2008 was not material to the Company's consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. FIN No. 48 was effective for the company on January 1, 2007. Upon the adoption of FIN No. 48, the Company recognized an additional tax liability of \$10.8 million and a corresponding reduction in retained earnings recorded as a cumulative effect of accounting change in the Consolidated Statements of Operations in the first quarter of 2007.

3. Acquisitions

On July 19, 2007, the company acquired Shirke Construction Equipments Pvt. Ltd (Shirke) for an aggregate consideration of \$64.5 million including approximately \$1.3 million of acquisition costs. Headquartered in Pune, India, Shirke is a market leader in the Indian tower crane industry and has been Potain's Indian manufacturing partner and distributor since 1982. The aggregate consideration paid for Shirke resulted in \$33.8 million of goodwill and \$30.2 million of other intangible assets being recognized by the company's Crane segment. See further detail related to the goodwill and other intangible assets of the Shirke acquisition at Note 7, Goodwill and Other Intangible Assets.

On January 3, 2007, the company acquired the Carrydeck line of mobile industrial cranes from Marine Travelift, Inc. of Sturgeon Bay, Wisconsin. The acquisition of the Carrydeck line adds six new models to the company's product offering of mobile industrial cranes. The aggregate consideration paid for the Carrydeck line resulted in \$9.2 million of goodwill and \$6.5 million of other intangible assets being recognized by the company's Crane segment. See further detail related to the goodwill and other intangible assets of the Carrydeck acquisition at Note 7, Goodwill and Other Intangible Assets.

On May 26, 2006, the company acquired substantially all of the assets and business operated by McCann's Engineering & Mfg. Co. and McCann's de Mexico S.A. de C.V. (McCann's). Headquartered in Los Angeles, California, and with operations in Tijuana, Mexico, McCann's is engaged in the design, manufacture and sale of beverage dispensing equipment primarily used in fast food restaurants, stadiums, cafeterias and convenience stores. McCann's primary products are backroom beverage equipment such as carbonators, water boosters and racks. McCann's also produces accessory components for beverage dispensers including specialty valves, stands and other stainless steel components. The aggregate consideration paid for the McCann's acquisition was \$37.1 million, including acquisition costs of approximately \$0.7 million. The acquisition resulted in approximately \$14.4 million of goodwill and \$14.3 million of other intangible assets being recognized by the company's Foodservice segment. See further detail related to the goodwill and other intangible assets of the McCann's acquisition at Note 7, Goodwill and Other Intangible Assets.

On January 3, 2006, the company acquired certain assets, rights and properties of ExacTech, Inc., a supplier of fabrication, machining, welding, and other services to various parties. Located in Port Washington, Wisconsin, ExacTech, Inc. now provides these services to the company's U.S.

based crane manufacturing facilities. The aggregate consideration paid for the acquisition resulted in approximately \$6.5 million of goodwill being recognized by the company's Crane segment in the first quarter of 2006. See further detail related to the goodwill of the ExacTech, Inc. acquisition at Note 7, Goodwill and Other Intangible Assets.

4. Discontinued Operations

During the third quarter of 2005, the company decided to close Toledo Ship Repair Company (Toledo Ship Repair), a division of the company's wholly-owned subsidiary, Manitowoc Marine Group, LLC. Located in Toledo, Ohio, Toledo Ship Repair performed ship repair and industrial repair services. The company recorded a \$5.2 million pre-tax (\$3.4 million after tax) charge for costs related to the closure of the business. This charge included \$0.2 million related to severance agreements; \$1.0 million for future lease payments; \$0.3 million for the write-off of goodwill related to this business; \$2.2 million for the write-down of certain assets (primarily property, plant and equipment and inventory) to estimated salvage value; and \$1.5 million for closing and other related costs. This charge is recorded in gain on sale or closure of discontinued operations, net of income taxes in the Consolidated Statements of Operations. The closure of Toledo Ship Repair represents a discontinued operation under SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Results of Toledo Ship Repair in current and prior periods have been classified as discontinued in the Consolidated Financial Statements to exclude the results from continuing operations.

The following selected financial data of Toledo Ship Repair for the years ended December 31, 2006 and 2005 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There were no operating results from Toledo Ship Repair for the year ended December 31, 2007. There was no general corporate expense or interest expense allocated to discontinued operations for this business during the periods presented.

	2006		2005
Net sales	\$		\$ 11.3
Pretax loss from discontinued operation	\$	(0.5)	\$ (6.7)
Pretax loss on closure			(5.2)
Benefit for taxes on loss		(0.2)	(4.5)
Net loss from discontinued operation	\$	(0.3)	\$ (7.4)

During the third quarter of 2005, the company decided that it would divest of its wholly-owned subsidiary Diversified Refrigeration, LLC, (f/k/a Diversified Refrigeration, Inc.) (DRI). DRI was the company's private-label Foodservice contract manufacturing operation. On December 30, 2005, the company completed the sale of DRI to Monogram Refrigeration, LLC, a wholly-owned subsidiary of the General Electric Company. Net proceeds from the sale of DRI were approximately \$28.4 million and resulted in a pre-tax gain of \$17.6 million (\$9.6 million after tax). This gain is recorded in gain on sale or closure of discontinued operations, net of income taxes in the Consolidated Statements of Operations. The sale of DRI represents a discontinued operation under SFAS No. 144. Results of DRI in prior periods have been classified as discontinued in the Consolidated Financial Statements to exclude the results from continuing operations.

The following selected financial data of DRI for the year ended 2005 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There were no operating results from DRI for the years ended December 31, 2007 and 2006. There was no general corporate expense or interest expense allocated to discontinued operations for this business during the periods presented.

2005

Net sales	\$	91.1
Pretax earnings from discontinued operations	\$	6.3
Pretax gain on sale		17.6
Provision for taxes on earnings		9.7
Net earnings from discontinued operation	\$	14.2

The earnings from discontinued operations, net of income taxes, for the year ended December 31, 2007 primarily reflects favorable product liability experience related to our discontinued Manlift business which was sold in 2004. During the second quarter of 2004, the company completed the sale of its wholly-owned subsidiary, Delta Manlift SAS (Delta), to JLG Industries, Inc. Headquartered in Tonneins, France, Delta manufactured the Toucan brand of vertical mast lifts, a line of aerial work platforms distributed throughout Europe for use principally in industrial and maintenance operations. The sale of Delta represents a discontinued operation under SFAS No. 144. Results of Delta in prior periods have been classified as discontinued in the Consolidated Financial Statements to exclude the results from continuing operations.

5. Inventories

The components of inventories at December 31 are summarized as follows:

	2007	2006
Inventories - gross:		
Raw materials	\$ 254.6	\$ 198.3
Work-in-process	220.9	174.2
Finished goods	188.5	187.2
Total	664.0	559.7
Less excess and obsolete inventory reserve	(42.6)	(44.4)
Net inventories at FIFO cost	621.4	515.3
Less excess of FIFO costs over LIFO value	(23.7)	(22.9)
Inventories - net	\$ 597.7	\$ 492.4

6. Property, Plant and Equipment

The components of property, plant and equipment at December 31 are summarized as follows:

	2007	2006
Land	\$ 50.9	\$ 44.5
Building and improvements	230.9	188.5
Drydocks and dock fronts	19.5	19.9
Machinery, equipment and tooling	287.9	256.0
Furniture and fixtures	29.8	27.0
Computer hardware and software	47.3	42.1
Rental cranes	186.4	193.1
Construction in progress	66.3	32.5
Total cost	919.0	803.6

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Less accumulated depreciation		(429.5)	(404.7)
Property, plant and equipment-net	\$	489.5	\$ 398.9

7. Goodwill and Other Intangible Assets

The changes in carrying amount of goodwill by reportable segment for the years ended December 31, 2007 and 2006, were as follows:

	Crane	Foodservice	Marine	Total
Balance as of January 1, 2006	\$ 196.7	\$ 185.7	\$ 47.2	\$ 429.6
ExacTech, Inc. acquisition	6.5			6.5
McCann's acquisition		14.4		14.4
Foreign currency impact	11.6			11.6
Balance as of December 31, 2006	214.8	200.1	47.2	462.1
Carrydeck acquisition	9.2			9.2
Shirke acquisition	33.8			33.8
Foreign currency impact	13.7			13.7
Balance as of December 31, 2007	\$ 271.5	\$ 200.1	\$ 47.2	\$ 518.8

As discussed in Note 3, Acquisitions, during 2007, the company completed the acquisitions of the Carrydeck line of mobile industrial cranes and Shirke. The acquisition of the Carrydeck line resulted in an increase of \$9.2 million of goodwill and \$6.5 million of other intangible assets being recognized by the company's Crane segment. The other intangible assets consist of trademarks totaling \$1.2 million, which have an indefinite life, customer relationships of \$4.2 million, which have been assigned a 20 year life, and non-patented technologies of \$1.1 million which have been assigned a 20 year life. The acquisition of Shirke resulted in an increase of \$33.8 million of goodwill and \$30.2 million of other intangible assets being recognized by the company's Crane segment. The other intangible assets consist of customer relationships of \$10.5 million, which have been assigned a 10 year life, trademarks totaling \$9.1 million, which have an indefinite life, and other intangibles of \$10.6 million, which include various intangible assets that are amortized over 6 months to 6 years, which approximates their estimated useful lives.

As discussed in Note 3, during 2006, the company completed the acquisitions of McCann's and ExacTech, Inc. The acquisition of ExacTech, Inc. resulted in an increase of \$6.5 million of goodwill and no other intangible assets. The acquisition of McCann's resulted in an increase of \$14.4 million of goodwill and \$14.3 million of other intangible assets. The other intangible assets consist of trademarks totaling \$7.0 million, which have an indefinite life, customer relationships of \$5.8 million, which have been assigned a 13 year life, and patents of \$1.5 million which have been assigned a 10 year life.

The gross carrying amount and accumulated amortization of the company's intangible assets other than goodwill were as follows as of December 31, 2007 and 2006.

	December 31, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Trademarks and tradenames	\$ 120.9	\$	\$ 120.9	\$ 105.1	\$	\$ 105.1
Customer relationships	20.4	(1.4)	19.0	5.8	(0.3)	5.5
Patents	35.2	(12.2)	23.0	31.1	(9.8)	21.3
Engineering drawings	12.0	(5.4)	6.6	12.0	(4.4)	7.6
Distribution network	21.8		21.8	20.5		20.5
Other intangibles	10.6	(1.3)	9.3			

\$	220.9	\$	(20.3)	\$	200.6	\$	174.5	\$	(14.5)	\$	160.0
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Amortization expense recorded for the other intangible assets for the years ended December 31, 2007, 2006 and 2005 was \$5.8 million, \$3.3 million and \$3.1 million, respectively. Estimated amortization expense for the five years beginning in 2008 is estimated to be approximately \$6.8 million per year.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31 are summarized as follows:

	2007	2006
Trade accounts and interest payable	\$ 543.3	\$ 439.7
Employee related expenses	95.9	76.3
Income taxes payable	6.7	62.9
Profit sharing and incentives	63.5	54.8
Unremitted cash liability	4.9	11.7
Deferred revenue - current	55.9	48.1
Amounts billed in excess of sales	65.6	57.2
Miscellaneous accrued expenses	109.7	88.9
	\$ 945.5	\$ 839.6

9. Debt

Debt at December 31 is summarized as follows:

	2007	2006
Revolving credit facility	\$ 56.7	\$ 113.8
Senior subordinated notes due 2012		113.8
Senior notes due 2013	150.0	150.0
Fair value of interest rate swaps	0.1	(4.5)
Other	23.8	9.1
Total debt	230.6	268.4
Less current portion and short-term borrowings	(13.1)	(4.1)
Long-term debt	\$ 217.5	\$ 264.3

In June 2005, the company entered into a five-year, \$300 million, secured revolving credit facility (Revolving Credit Facility), which replaced the company's \$125 million revolving credit facility that was due to expire in May 2006.

Borrowings under the five year, \$300 million, Revolving Credit Facility bear interest at a rate equal to the sum of a base rate or a Eurodollar rate plus an applicable margin, which is based on the company's consolidated total leverage ratio as defined by the credit agreement. The annual commitment fee in effect at December 31, 2007 on the unused portion of the Revolving Credit Facility was 0.15%. As of December 31, 2007, there was \$56.7 million outstanding under the Revolving Credit Facility. As of December 31, 2007, the company had \$1.9 million of outstanding letters of credit outstanding secured by the Revolving Credit Facility. The company had \$241.4 million of unused availability under the terms of the Revolving Credit Facility as of December 31, 2007. During June 2005, the company recorded a charge of \$0.8 million (\$0.6 million net of income taxes) for deferred financing costs related to the termination of the previous \$125 million revolving credit facility.

On August 1, 2007, the company redeemed its \$175 million 10 ½% senior subordinated notes due 2012. Pursuant to the terms of the indenture, the company paid the note holders 105.25 percent of the principal amount plus accrued and unpaid interest up to the redemption date. As a result of this redemption, the company incurred a charge of \$12.5 million (\$8.1 million net of income taxes) related to the call premium, write-off of unamortized debt issuance costs and other expenses. The charge was recorded in loss on debt extinguishment in the Consolidated Statements of Operations.

On May 15, 2006, the company redeemed its 175 million Euro, 10 3/8% senior subordinated notes due 2011 for \$216.9 million (based on May 15, 2006 exchange rates). Pursuant to the terms of the indenture,

the company paid the note holders 105.188 percent of the principal amount of the notes plus accrued and unpaid interest up to the redemption date. As a result of this redemption, the company incurred a charge of \$14.4 million (\$9.4 million net of income taxes) related to the call premium (\$11.2 million), write-off of unamortized debt issuance costs (\$3.1 million) and other expenses (\$0.1 million). The charge was recorded in loss on debt extinguishment in the Consolidated Statements of Operations.

On November 6, 2003, the company completed the sale of \$150.0 million of 7 1/8% Senior Notes due 2013 (Senior Notes due 2013). The Senior Notes due 2013 are unsecured senior obligations ranking prior to the company's Senior Subordinated Notes due 2012. Our Revolving Credit Facility ranks equally with the Senior Notes due 2013, except that it is secured by substantially all domestic tangible and intangible assets of the company and its subsidiaries. The Senior Notes due 2013 are fully and unconditionally jointly and severally guaranteed by substantially all of the company's domestic subsidiaries (see Note 21, Subsidiary Guarantors of Senior Notes due 2013). Interest on the Senior Notes due 2013 is payable semiannually in May and November each year. The Senior Notes due 2013 can be redeemed by the company in whole or in part for a premium on or after November 1, 2008. The following is the premium paid by the company, expressed as a percentage of the principal amount, if it redeems the Senior Notes due 2013 during the 12-month period commencing on November 1 of the year set forth below:

Year	Percentage
2008	103.563%
2009	102.375%
2010	101.188%
2011 and thereafter	100.000%

Our revolving credit facility and Senior Notes due 2013 contain customary affirmative and negative covenants. In general, the covenants contained in the revolving credit facility are more restrictive than those of the Senior Notes due 2013. Among other restrictions, these covenants require us to meet specified financial tests, which include the following: consolidated interest coverage ratio; consolidated total leverage ratio; and consolidated senior leverage ratio. These covenants also limit, among other things, our ability to redeem or repurchase our debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, repurchase capital stock, and create or become subject to liens. The revolving credit facility also contains cross-default provisions whereby certain defaults under any other debt agreements would result in default under the secured revolving credit facility. We were in compliance with all covenants as of December 31, 2007, and based upon our current plans and outlook, we believe we will be able to comply with these covenants during the subsequent 12 months.

As of December 31, 2007, the company had outstanding \$56.7 million of borrowings under our revolving credit facility with an interest rate of 4.9%. We also had outstanding \$23.8 million of other indebtedness with a weighted-average interest rate of 5.5%. This debt includes \$7.9 million of outstanding bank overdrafts in China, \$6.0 million of outstanding revolving credit and \$4.7 million of bank overdrafts in Europe, and \$5.2 million of capital lease obligations in Europe.

As of December 31, 2007, the company had two fixed-to-floating rate swap contracts which effectively converted \$50.0 million of its fixed rate Senior Notes due 2013 to variable rate debt. These contracts are considered to be hedges against changes in the fair value of the fixed rate debt obligation. Accordingly, the interest rate swap contracts are reflected at fair value in its Consolidated Balance Sheets as an asset of \$0.1 million as of December 31, 2007. Debt is reflected at an amount equal to the sum of its carrying value plus an adjustment representing the change in fair value of the debt obligation attributable to the interest rate risk being hedged. Changes during any accounting period in the fair value of the interest rate swap contract, as well as offsetting changes in the adjusted carrying value of the related portion of fixed-rate debt being hedged, are recognized as an adjustment to interest expense in the Consolidated Statements of Operations. The change in fair value of the swaps exactly offsets the change in fair value of the hedged fixed-rate debt; therefore, there was no net impact on earnings for the year ended December 31, 2007. The fair value of these contracts, which represents the cost to settle these contracts, approximated a gain of \$0.1 million at December 31, 2007.

The aggregate scheduled maturities of outstanding debt obligations in subsequent years are as follows:

2008	\$	13.1
2009		8.9
2010		57.4
2011		0.5
2012		0.5
Thereafter		150.2
	\$	230.6

10. Accounts Receivable Securitization

The Company has entered into an accounts receivable securitization program whereby it sells certain of its domestic trade accounts receivable to a wholly owned, bankruptcy-remote special purpose subsidiary which, in turn, sells participating interests in its pool of receivables to a third-party financial institution (Purchaser). The Purchaser receives an ownership and security interest in the pool of receivables. New receivables are purchased by the special purpose subsidiary and participation interests are resold to the Purchaser as collections reduce previously sold participation interests. The company has retained collection and administrative responsibilities on the participation interests sold. The Purchaser has no recourse against the company for uncollectible receivables; however, the company's retained interest in the receivable pool is subordinate to the Purchaser and is recorded at fair value. Due to a short average collection cycle of less than 60 days for such accounts receivable and due to the company's collection history, the fair value of the company's retained interest approximates book value. The retained interest recorded at December 31, 2007 is \$98.8 million and is included in accounts receivable in the accompanying Consolidated Balance Sheets.

The securitization program includes certain of the company's domestic U.S. Foodservice and Crane segment's businesses and the program was amended in the third quarter of 2007 to increase the capacity of the program from \$90 million to \$105 million. Trade accounts receivables sold to the Purchaser and being serviced by the company totaled \$100.0 million at December 31, 2007.

Sales of trade receivables from the special purpose subsidiary to the Purchaser totaled \$41.0 million for the year ended December 31, 2007. Cash collections of trade accounts receivable balances in the total receivable pool totaled \$1.1 billion for the year ended December 31, 2007.

The accounts receivables securitization program is accounted for as a sale in accordance with FASB Statement No. 140 Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities a Replacement of FASB Statement No. 125. Sales of trade receivables to the Purchaser are reflected as a reduction of accounts receivable in the accompanying Consolidated Balance Sheets and the proceeds received are included in cash flows from operating activities in the accompanying Consolidated Statements of Cash Flows.

The table below provides additional information about delinquencies and net credit losses for trade accounts receivable subject to the accounts receivable securitization program.

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	Balance Outstanding		Net Credit Losses	
	60 Days or More		Past Due	
	Balance outstanding December 31, 2007	Past Due December 31, 2007	Year Ended December 31, 2007	
Trade accounts receivable subject to securitization program	\$ 198.8	\$ 4.4	\$	\$
Trade accounts receivable balance sold	100.0			
Retained interest	\$ 98.8			

11. Income Taxes

Income tax expense for continuing operations is summarized below:

	2007		2006		2005
Earnings from continuing operations before income taxes:					
Domestic	\$ 214.9	\$	100.2	\$	2.9
Foreign	248.1		144.7		71.0
Total	\$ 463.0	\$	244.9	\$	73.9

The provision for taxes on earnings (loss) from continuing operations for the years ended December 31, 2007, 2006 and 2005 are as follows:

	2007		2006		2005
Current:					
Federal	\$ 71.1	\$	46.7	\$	(5.4)
State	11.3		3.7		(1.9)
Foreign	42.8		31.8		42.8
Total current	125.2		82.2		35.5
Deferred:					
Federal and state	(0.1)		(5.5)		0.2
Foreign	4.3		1.7		(20.9)
Total deferred	4.2		(3.8)		(20.7)
Provision for taxes on earnings	\$ 129.4	\$	78.4	\$	14.8

The federal statutory income tax rate is reconciled to the company's effective income tax rate for continuing operations for the years ended December 31, 2007, 2006 and 2005 as follows:

	2007	2006	2005
Federal income tax at statutory rate	35.0%	35.0%	35.0%
State income provision (benefit)	1.6	1.7	(4.6)
Non-deductible book intangible asset amortization	0.1	0.2	0.4
Tax exempt export income		(0.5)	(1.5)
Federal manufacturing income benefit	(0.7)		
Federal tax credits	(1.4)		(3.8)
Taxes on foreign income which differ from the U.S. statutory rate	(6.1)	(5.5)	(4.3)
Adjustments for unrecognized tax benefits	(0.9)		
Other items	0.4	1.1	(1.2)
Provision for taxes on earnings	28.0%	32.0%	20.0%

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The lower effective tax rate in 2007 as compared to 2006 was a result of a foreign tax credit carryforward which was recognized during the second quarter and an IRS audit settlement during the third quarter. In addition, all periods were favorably affected, as compared to the statutory rate, to varying degrees by certain global tax planning initiatives. The lower effective tax rate in 2005 was the result of lower earnings, a research and development tax credit, and the realization of certain tax benefits that were previously reserved against due to their uncertainty.

The deferred income tax accounts reflect the impact of temporary differences between the basis of assets and liabilities for financial reporting purposes and their related basis as measured by income tax regulations. A summary of the deferred income tax accounts at December 31 is as follows:

	2007		2006
Current deferred assets:			
Inventories	\$ 13.9	\$	13.2
Accounts receivable	12.1		11.4
Product warranty reserves	17.3		13.6
Product liability reserves	12.1		11.9
Other employee-related benefits and allowances	5.3		23.2
Net operating losses carryforwards, current portion	3.0		2.1
Deferred revenue, current portion			12.2
Other reserves and allowances	2.4		10.1
Net future income tax benefits, current	\$ 66.1	\$	97.7
Non-current deferred assets (liabilities):			
Property, plant and equipment	\$ (34.3)	\$	(38.9)
Intangible assets	(3.4)		(1.3)
Post retirement benefits other than pensions	20.4		20.0
Deferred employee benefits	8.6		1.1
Severance benefits	0.2		2.2
Product warranty reserves	1.3		1.3
Tax credits	4.5		6.7
Net operating loss carryforwards	17.2		22.8
Deferred revenue	14.8		8.5
Other	2.8		1.6
Total non-current deferred asset	32.1		24.0
Less valuation allowance	(4.5)		(9.7)
Net future tax benefits, non-current	\$ 27.6	\$	14.3

The company's policy is to remit earnings from foreign subsidiaries only to the extent any underlying foreign taxes are creditable in the United States. Accordingly, the company does not currently provide for additional United States and foreign income taxes which would become payable upon repatriation of undistributed earnings of foreign subsidiaries. Undistributable earnings from continuing operations on which additional income taxes have not been provided amounted to approximately \$359.7 million at December 31, 2007. If all such undistributed earnings were remitted, an additional provision for income taxes of approximately \$125.9 million would have been necessary as of December 31, 2007.

As of December 31, 2007, the company has approximately \$262.6 million of state net operating loss carryforwards, which are available to reduce future state tax liabilities. These state net operating loss carryforwards expire beginning 2008 through 2026. The company also has approximately \$59.5 million of foreign loss carryforwards, which are available to reduce future foreign tax liabilities. These foreign loss carryforwards generally have no expiration under current foreign law. The valuation allowance represents a reserve for certain foreign loss carryforwards for which realization is not more likely than not.

The company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The following table provides the open tax years for which the Company could be subject to income tax examination by the tax authorities in its major jurisdictions:

Jurisdiction	Open Years	
U.S. Federal	2006	2007
Wisconsin	1997	2007
Pennsylvania	2003	2007
France	2003	2007
Germany	2001	2007
Italy	2003	2007
Portugal	2003	2007
England	2005	2007
Singapore	2001	2007

The Internal Revenue Service (IRS) commenced an examination of the company's U.S. income tax returns for the 2004 and 2005 tax years in the first quarter of 2007. On October 2, 2007, the company signed an assessment agreement with the IRS settling all audit issues raised. As a result of this settlement, the company recognized \$2.7 million of additional R&D tax credit benefit during the third quarter of 2007. In 2006, the Wisconsin Department of Revenue (WDOR) began an examination of the company's Wisconsin income tax returns for 1997 through 2005 that is anticipated to be completed by the end of 2008. As of December 31, 2007, the WDOR has not formally issued any assessment report. In August 2007, the German tax authorities began an examination of the company's German entity's income and trade tax returns for 2001 through 2005. Thus far, there have been no significant developments with regard to this German examination.

The company adopted the provisions of FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109, on January 1, 2007. As a result of the adoption of FIN 48, the company recognized an additional tax liability of \$10.8 million for unrecognized tax benefits, including \$4.6 million of accrued interest and penalties, which was accounted for as a reduction to the January 1, 2007 retained earnings. Immediately prior to adopting FIN No. 48, the company's total amount of unrecognized tax benefits, including \$8.1 million accrued for interest and penalties, was \$25.1 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at January 1, 2007	\$	33.5
Additions based on tax positions related to the current year		19.5
Additions for tax positions of prior years		0.0
Reductions for tax positions of prior years		(5.1)
Reductions based on settlements with taxing authorities		(9.6)
Reductions as a result of lapse of the applicable statute of limitations		(1.3)
Balance at December 31, 2007	\$	37.0

\$36.7 million of the company's unrecognized tax benefits (including reversal of interest and penalties and state benefits of net federal tax effects) as of December 31, 2007, if recognized, would affect the effective tax rate.

The company recognizes accrued interest and penalties related to unrecognized tax benefits as part of income tax expense. During the years ended December 31, 2007, 2006, and 2005, the company accrued (\$1.9) million, \$0.5 million, and \$1.0 million for the payment of interest and penalties related to uncertain tax liabilities. As of the year ended December 31, 2007, the Company has accrued interest and penalties of \$6.2 million.

During the next 12 months, the company does not expect any significant changes in its unrecognized tax benefits.

12. Earnings Per Share

The following is a reconciliation of the weighted average shares outstanding used to compute basic and diluted earnings per share.

	2007	2006	2005
Basic weighted average common shares outstanding	124,667,931	122,449,148	120,586,420
Effect of dilutive securities - stock options and restricted stock	2,821,485	3,122,384	2,465,648
Diluted weighted average common shares outstanding	127,489,416	125,571,532	123,052,068

For the years ended December 31, 2007, 2006 and 2005, 0.0 million, 0.3 million, and 0.2 million, respectively, common shares issuable upon the exercise of stock options, were anti-dilutive and were excluded from the calculation of diluted earnings per share.

13. Stockholders Equity

Authorized capitalization consists of 300 million shares of \$0.01 par value common stock and 3.5 million shares of \$0.01 par value preferred stock. None of the preferred shares have been issued.

On March 21, 2007, the Board of Directors of the company approved the Rights Agreement between the company and Computershare Trust Company, N.A., as Rights Agent and declared a dividend distribution of one right (a Right) for each outstanding share of Common Stock, par value \$0.01 per share, of the company (the Common Stock), to shareholders of record at the close of business on March 30, 2007 (the Record Date). In addition to the Rights issued as a dividend on the record date, the Board of Directors has also determined that one Right will be issued together with each share of Common Stock issued by the company after the Record Date. Generally, each Right, when it becomes exercisable, entitles the registered holder to purchase from the company one share of Common Stock at a purchase price, in cash, of \$110.00 per share (\$220.00 per share prior to the September 10, 2007 stock split), subject to adjustment as set forth in the Rights Agreement (the Purchase Price or Exercise Price).

As explained in the Rights Agreement, the Rights become exercisable on the Distribution Date, which is that date that any of the following occurs: (1) 10 days following a public announcement that a person or group of affiliated persons (an Acquiring Person) has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock of the Company; or (2) 10 business days following the commencement of a tender offer or exchange offer that would result in a person or group beneficially owning 20% or more of such outstanding shares of Common Stock. The Rights will expire at the close of business on March 29, 2017, unless earlier redeemed or exchanged by the Company as described in the Rights Agreement.

On July 26, 2007, the board of directors authorized a two-for-one split of the company's common stock. Record holders of Manitowoc's common stock at the close of business on August 31, 2007 received on September 10, 2007 one additional share of common stock for every share of Manitowoc common stock they owned as of August 31, 2007. Manitowoc shares outstanding at the close of business on August 31, 2007 totaled 62,787,642. The company's common stock began trading at its post-split price at the beginning of trading on September 11, 2007. Per share, share and stock option amounts within this Annual Report on Form 10-K for all periods presented have been adjusted to reflect the stock split.

The amount and timing of the quarterly dividend is determined by the board of directors at its regular meetings each year. In the year ended December 31, 2007, the Company paid a quarterly dividend of \$0.0175 (adjusted for the stock split in September of 2007) in cash the first two quarters and paid a quarterly dividend of \$0.02 in cash in each of the last two quarters for a cumulative dividend in 2007 of \$0.075 per share.

Currently, the company has authorization to purchase up to 10 million shares (adjusted for the 2006 and 2007 2-for-1 stock splits) of common stock at management's discretion. As of December 31, 2007, the company had purchased approximately 7.6 million shares (adjusted for the 2006 and 2007 2-for-1 stock

splits) at a cost of \$49.8 million pursuant to this authorization. The company did not purchase any shares of its common stock during 2007, 2006 or 2005.

In November 2007, we sold, pursuant to an underwritten public offering, approximately 4.0 million shares of our common stock at a price of \$39.48 per share to the public. The offering was undertaken to meet anticipated investor demand for the company's common stock in connection with Standard & Poor's decision to add the company to the S&P 500 Index as of the close of trading on November 15. Net cash proceeds from this offering, after deducting underwriting discounts and commissions, were \$156.9 million. We used the proceeds for general corporate purposes.

The components of accumulated other comprehensive income as of December 31, 2007 and 2006 are as follows:

	2007		2006	
Foreign currency translation	\$	116.6	\$	69.2
Derivative instrument fair market value, net of income taxes		1.4		2.1
Employee postretirement benefit adjustments, net of income taxes		(3.5)		(23.3)
	\$	114.5	\$	48.0

14. Stock Based Compensation

Effective January 1, 2006, the company adopted SFAS No. 123 (R), Share-Based Payment: An Amendment of Financial Accounting Standards Board Statements No. 123 (SFAS No. 123(R)), which revised SFAS No. 123, Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be measured at fair value and expensed in the Consolidated Statements of Operations over the service period (generally the vesting period) of the grant. Upon adoption, the company transitioned to SFAS No. 123(R) using the modified prospective application, under which compensation expense is only recognized in the consolidated statements of operations beginning with the first period that SFAS No. 123(R) is effective and continuing to be expensed thereafter. Prior periods' stock-based compensation expense is still presented on a pro-forma basis.

As a result of the adoption of SFAS No. 123(R), the company recognized \$6.2 million (\$4.5 million after taxes) and \$5.7 million (\$3.9 million after taxes) of pre tax compensation expense associated with stock options for the years ended December 31, 2007 and 2006, respectively.

The company maintains the following stock plans:

The Manitowoc Company, Inc. 1995 Stock Plan provides for the granting of stock options, restricted stock and limited stock appreciation rights as an incentive to certain employees. Under this plan, stock options to acquire up to 10.1 million shares of common stock, in the aggregate, may be granted under the time-vesting formula at an exercise price equal to the market price of the common stock at the close of business or the business day immediately preceding the date of grant. The options become exercisable in 25% increments beginning on the second anniversary of the grant date over a four-year period and expire ten years subsequent to the grant date. The restrictions on any restricted shares granted

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under the plan lapse in one-third increments on each anniversary of the grant date. Awards are no longer granted under this plan. Awards surrendered under this plan become available for granting under the 2003 Incentive Stock and Awards Plan.

The Manitowoc Company, Inc. 2003 Incentive Stock and Awards Plan (2003 Stock Plan) provides for both short-term and long-term incentive awards for employees. Stock-based awards may take the form of stock options, stock appreciation rights, restricted stock, and performance share or performance unit awards. The total number of shares of the company's common stock originally available for awards under the 2003 Stock Plan was 12.0 million shares (adjusted for all stock splits since the plan's inception) and is subject to further adjustments for stock splits, stock dividends and certain other transactions or events in the future. Options under this plan are exercisable at such times and subject to such conditions as the compensation committee should determine. Options granted under the plan to date become exercisable in 25% increments beginning on the second anniversary of the grant date over a four-year period and expire ten years subsequent to the grant date. Restrictions on restricted stock awarded under this plan lapse 100% on the third anniversary of the grant date. There have been no awards of stock appreciation rights, performance shares or performance units.

The Manitowoc Company, Inc. 1999 Non-Employee Director Stock Option Plan (1995 Stock Plan) provides for the granting of stock options to non-employee members of the board of directors. Under this plan, stock options to acquire up to 0.7 million shares (adjusted for all stock splits since the plan's inception and is subject to further adjustments for stock splits, stock dividends and certain other transactions or events in the future) of common stock, in the aggregate, may be granted under a time-vesting formula and at an exercise price equal to the market price of the common stock at the date of grant. For the 1999 Stock Plan, the options are exercisable in 25% increments beginning on the first anniversary of the grant date over a four-year period and expire ten years subsequent to the grant date. During 2004, this plan was frozen and replaced with the 2004 Director Stock Plan.

The 2004 Non-Employee Director Stock and Awards Plan (2004 Stock Plan) was approved by the shareholders of the company during the 2004 annual meeting and it replaces The Manitowoc Company, Inc. 1999 Non-Employee Director Stock Option Plan. Stock-based awards may take the form of stock options, restricted stock, or restricted stock units. The total number of shares of the company's common stock originally available for awards under the 2004 Stock Plan was 0.9 million (adjusted for all stock splits since the plan's inception and is subject to further adjustments for stock splits, stock dividends and certain other transactions or events in the future). Stock options awarded under the plan vest immediately and expire ten years subsequent to the grant date. Restrictions on restricted stock awarded to date under the plan lapse on the third anniversary of the award date.

With the acquisition of Grove, the company inherited the Grove Investors, Inc. 2001 Stock Incentive Plan. Outstanding Grove stock options under the Grove Investors, Inc. 2001 Stock Incentive Plan were converted into options to acquire Manitowoc Stock at the date of acquisition. Under this plan, after the conversion of Grove stock options to Manitowoc stock options, stock options to acquire 0.1 million shares (adjusted for all stock splits since the plan's inception and is subject to further adjustments for stock splits, stock dividends and certain other transactions or events in the future) of common stock of the company were outstanding. These options are fully vested and expire on September 25, 2011. No additional options may be granted under the Grove Investors, Inc. 2001 Stock Incentive Plan.

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A summary of the company's stock option activity is as follows (in millions, except weighted average exercise price):

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Options outstanding as of January 1, 2006	7.0	\$ 7.25	
Granted	1.2	22.42	
Exercised	(2.2)	6.21	
Cancelled	(0.5)	10.75	
Options outstanding as of December 31, 2006	5.5	\$ 11.04	
Granted	0.8	30.78	
Exercised	(1.6)	7.26	
Cancelled	(0.2)	17.16	
Options outstanding as of December 31, 2007	4.5	15.43	\$ 40.6
Options exercisable as of:			
January 1, 2006	3.0	\$ 6.32	
December 31, 2006	1.7	\$ 6.71	
December 31, 2007	1.6	\$ 8.85	\$ 22.3

The outstanding stock options at December 31, 2007 have a range of exercise prices of \$4.23 to \$47.84 per option. The following table shows the options outstanding and exercisable by range of exercise prices at December 31, 2007 (in millions, except weight average remaining contractual life and weighted average exercise price).

Range of Exercise Price	Outstanding Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Exercisable Options	Weighted Average Exercise Price
\$4.23 - \$6.00	0.3	4.6	\$ 4.77	0.2	\$ 4.78
\$6.01 - \$7.00	0.6	4.3	6.31	0.7	6.31
\$7.01 - \$9.00	0.6	5.4	7.90	0.4	8.09
\$9.01 - \$10.20	0.6	7.3	10.11	0.1	10.14
\$10.21 - \$18.00	0.5	6.8	10.58	0.1	10.34
\$18.01 - \$25.00	0.5	7.8	18.90		18.92
\$25.01 - \$27.50	0.6	8.3	26.10	0.1	26.10
\$27.51 - \$29.52	0.7	9.0	29.51		29.52
\$35.97 - \$47.84	0.1	9.6	40.11		40.11
	4.5	6.9	\$ 15.43	1.6	\$ 8.85

The company continues to use the Black-Scholes valuation model to value stock options. The company used its historical stock prices as the basis for its volatility assumption. The assumed risk-free rates were based on ten-year U.S. Treasury rates in effect at the time of grant. The expected option life represents the period of time that the options granted are expected to be outstanding and are based on historical experience.

As of December 31, 2007, the company has \$13.5 million of unrecognized compensation expense which will be recognized over the next five years.

The weighted average fair value of options granted per share during the years ended December 31, 2007, 2006 and 2005 was \$12.56, \$9.60 and \$7.57, respectively. The fair value of each option grant was estimated at the date of grant using the Black-Scholes option-pricing method with the following assumptions:

	2007	2006	2005
Expected life (years)	6.0	7.0	7.3
Risk-free interest rate	4.4%	4.8%	3.8%
Expected volatility	35.0%	34.0%	32.0%
Expected dividend yield	0.3%	0.6%	0.8%

For the years ended December 31, 2007, 2006 and 2005 the total intrinsic value of stock options exercised was \$45.9 million, \$46.5 million and \$8.9 million, respectively.

15. Contingencies and Significant Estimates

The company has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in connection with the Lemberger Landfill Superfund Site near Manitowoc, Wisconsin. Approximately 150 potentially responsible parties have been identified as having shipped hazardous materials to this site. Eleven of those, including the company, have formed the Lemberger Site Remediation Group and have successfully negotiated with the United States Environmental Protection Agency and the Wisconsin Department of Natural Resources to fund the cleanup and settle their potential liability at this site. The estimated remaining cost to complete the clean up of this site is approximately \$8.1 million. Although liability is joint and several, the company's share of the liability is estimated to be 11% of the remaining cost. Remediation work at the site has been substantially completed, with only long-term pumping and treating of groundwater and site maintenance remaining. The company's remaining estimated liability for this matter, included in accounts payable and accrued expenses in the Consolidated Balance Sheets at December 31, 2007 and 2006 is \$0.9 million. Based on the size of the company's current allocation of liabilities at this site, the existence of other viable potential responsible parties and current reserve, the company does not believe that any liability imposed in connection with this site will have a material adverse effect on its financial condition, results of operations, or cash flows.

During the due diligence process for the sale of the company's wholly-owned subsidiary Diversified Refrigeration, LLC, (f/k/a Diversified Refrigeration, Inc.) (DRI) certain contaminants in the soil and ground water associated with the facility were identified. As part of the sale agreement, the company agreed to be responsible for costs associated with further investigation and remediation of the issues identified. Estimates indicate that the costs to remediate this site are approximately \$2.0 million. During December 2005, the company recorded a \$2.0 million reserve for these estimated costs. This charge was recorded in discontinued operations in the Consolidated Statements of Operations for the year ended December 31, 2005. The company's remaining estimated liability for this matter, included in other accounts payable and accrued expenses in the Consolidated Balances Sheets at December 31, 2007 and 2006 is \$1.7 million and \$1.8 million, respectively. Based upon available information, the company does not expect the ultimate costs will have a material adverse effect on its financial condition, results of operations, or cash flows.

At certain of the company's other facilities, the company has identified potential contaminants in soil and groundwater. The ultimate cost of any remediation required will depend upon the results of future investigation. Based upon available information, the company does not expect the ultimate costs will have a material adverse effect on its financial condition, results of operations, or cash flows.

The company believes that it has obtained and is in substantial compliance with those material environmental permits and approvals necessary to conduct its various businesses. Based on the facts presently known, the company does not expect environmental compliance costs to have a material adverse effect on its financial condition, results of operations, or cash flows.

As of December 31, 2007, various product-related lawsuits were pending. To the extent permitted under applicable law, all of these are insured with self-insurance retention levels. The company's self-insurance retention levels vary by business, and have fluctuated over the last five years. The range of the company's self-insured retention levels is \$0.1 million to \$3.0 million per occurrence. The high-end of the company's self-insurance retention level is a legacy product liability insurance program inherited in the Grove acquisition for cranes manufactured in the United States for occurrences from January 2000 through October 2002. As of December 31, 2007, the largest self-insured retention level currently maintained by the company is \$2.0 million per occurrence and applies to product liability claims for cranes manufactured in the United States.

Product liability reserves in the Consolidated Balance Sheets at December 31, 2007, were \$34.7 million; \$14.5 million was reserved specifically for actual cases and \$20.2 million for claims incurred but not reported which were estimated using actuarial methods. Based on the company's experience in defending product liability claims, management believes the current reserves are adequate for estimated case resolutions on aggregate self-insured claims and insured claims. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and solvency of insurance carriers.

At December 31, 2007 and 2006, the company had reserved \$92.1 million and \$69.4 million, respectively, for warranty claims included in product warranties and other non-current liabilities in the Consolidated Balance Sheets. Certain of these warranty and other related claims involve matters in dispute that ultimately are resolved by negotiations, arbitration, or litigation.

It is reasonably possible that the estimates for environmental remediation, product liability and warranty costs may change in the near future based upon new information that may arise or matters that are beyond the scope of the company's historical experience. Presently, there are no reliable methods to estimate the amount of any such potential changes.

The company is involved in numerous lawsuits involving asbestos-related claims in which the company is one of numerous defendants. After taking into consideration legal counsel's evaluation of such actions, the current political environment with respect to asbestos related claims, and the liabilities accrued with respect to such matters, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the financial condition, results of operations, or cash flows of the company.

The company is also involved in various legal actions arising out of the normal course of business, which, taking into account the liabilities accrued and legal counsel's evaluation of such actions, in the opinion of management, the ultimate resolution is not expected to have a material adverse effect on the company's financial condition, results of operations, or cash flows.

The company has been in negotiations with one of its Marine customers to recover certain cost overruns that resulted from change orders related to a particular contract. During the third quarter of 2005, due to the fact that these negotiations were not successful within a timeframe satisfactory to the company, the company filed a lawsuit seeking recovery of these cost overruns from the customer. The customer subsequently filed a counter suit against the company in the fourth quarter of 2005. During the fourth quarter of 2005, the company established a reserve of \$10.2 million to reflect the inherent uncertainties in litigation of this type. The \$10.2 million reserve was recorded in cost of sales of the Marine segment in the Consolidated Statements of Operations for the year ended December 31, 2005. Although we have established this reserve, we believe we are contractually entitled to these cost recoveries and we are in current negotiations with this customer to obtain recovery of amounts

owed.

16. Guarantees

The company periodically enters into transactions with customers that provide for residual value guarantees and buyback commitments. These transactions are recorded as operating leases for all significant residual value guarantees and for all buyback commitments. These initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer's third party financing agreement. The deferred revenue included in other current and non-current liabilities at December 31, 2007 and 2006 was \$102.4 million and \$118.5 million, respectively. The total amount of residual value guarantees and buyback commitments given by the company and outstanding at December 31, 2007 and 2006 was \$128.4 million and \$157.1 million, respectively. These amounts are not reduced for amounts the company would recover from repossessing and subsequent resale of the units. The residual value guarantees and buyback commitments expire at various times through 2013.

During the years ended December 31, 2007 and 2006, the company sold \$14.2 million and \$14.9 million, respectively, of its long term notes receivable to third party financing companies. The company guarantees some percentage, up to 100%, of collection of the notes to the financing companies. The company has accounted for the sales of the notes as a financing of receivables. The receivables remain on the company's Consolidated Balance Sheets, net of payments made, in other current and non-current assets and the company has recognized an obligation equal to the net outstanding balance of the notes in other current and non-current liabilities in the Consolidated Balance Sheets. The cash flow benefit of these transactions, net of payments made by the customer, are reflected as financing activities in the Consolidated Statements of Cash Flows. During the years ended December 31, 2007 and 2006 customers have paid \$18.5 million and \$30.2 million, respectively, of the notes to the third party financing companies. As of December 31, 2007 and 2006, the outstanding balance of the notes receivables guaranteed by the company was \$18.2 million and \$22.3 million, respectively.

In the normal course of business, the company provides its customers a warranty covering workmanship, and in some cases materials, on products manufactured by the company. Such warranty generally provides that products will be free from defects for periods ranging from 12 months to 60 months. If a product fails to comply with the company's warranty, the company may be obligated, at its expense, to correct any defect by repairing or replacing such defective products. The company provides for an estimate of costs that may be incurred under its warranty at the time product revenue is recognized. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect the company's warranty liability include the number of units shipped and historical and anticipated warranty claims. As these factors are impacted by actual experience and future expectations, the company assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Below is a table summarizing the warranty activity for the years ended December 31, 2007 and 2006.

	2007		2006	
Balance at beginning of period	\$	69.4	\$	55.4
Accruals for warranties issued during the period		65.6		50.2
Acquisitions				0.2
Settlements made (in cash or in kind) during the period		(45.8)		(39.2)
Currency translation		2.9		2.8
Balance at end of period	\$	92.1	\$	69.4

17. Restructuring and Plant Consolidation

During the third quarter of 2005, the company recorded a pre-tax restructuring charge of \$3.2 million in connection with the consolidation of its Kolpak operation located in Wisconsin with its Kolpak operation located in Tennessee. This action was taken in an effort to streamline the company's cost structure and utilize available capacity. The charge included \$1.5 million to write-down the facility and land, which are held for sale, to estimated fair market value less cost to sell; \$0.7 million related to the write-down of certain equipment; \$0.1 million to write-off excess

inventory which will not be transferred to Tennessee; \$0.5 million related to severance and other employee related costs; and \$0.4 million for other related closing costs. This charge has been included in restructuring and plant consolidation costs in the

Consolidated Statements of Operations for the year ended December 31, 2005. All of the restructuring reserves have been utilized by the company.

18. Employee Benefit Plans

Savings and Investment Plans The company sponsors a defined contribution savings plan that allows substantially all domestic employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan-specific guidelines. Effective January 1, 2007 the plan was revised to increase the company match to 100% of the participants' contributions up to 4% from 3% previously, and match an additional 50% of the participants' contributions between 4% to a maximum of 8% from 3% to a maximum of 6% previously, of the participants' compensation. The company also provides retirement benefits through noncontributory deferred profit sharing plans covering substantially all employees. Company contributions to the plans are based upon formulas contained in the plans. Total costs incurred under these plans were \$36.1 million, \$30.0 million and \$21.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Pension, Postretirement Health and Other Benefit Plans The company provides certain pension, health care and death benefits for eligible retirees and their dependents. The pension benefits are funded, while the health care and death benefits are not funded but are paid as incurred. Eligibility for coverage is based on meeting certain years of service and retirement qualifications. These benefits may be subject to deductibles, co-payment provisions, and other limitations. The company has reserved the right to modify these benefits.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)". The company adopted SFAS No. 158 as of December 31, 2006 which resulted in adjustments to total assets, total liabilities, and accumulated other comprehensive income, net of tax of \$(11.2) million, \$3.9 million, and \$7.3 million, respectively.

The components of period benefit costs for the years ended December 31, 2007, 2006 and 2005 are as follows:

	US Pension Plans			Non-U.S. Pension Plans			Postretirement Health and Other		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Service cost - benefits earned during the year	\$	\$	\$	\$ 2.1	\$ 2.1	\$ 1.3	\$ 0.7	\$ 0.9	\$ 0.9
Interest cost of projected benefit obligation	7.0	6.4	6.4	3.6	4.4	3.9	3.3	3.2	3.3
Expected return on assets	(7.0)	(6.4)	(6.4)	(3.1)	(3.5)	(2.9)			
Amortization of prior service cost						(0.1)			
Amortization of actuarial net (gain) loss	0.7	0.8	0.4		0.1		0.3	0.1	0.1
Settlement gain recognized				0.8		0.1			
Special termination benefit				5.3					
Net periodic benefit cost	\$ 0.7	\$ 0.8	\$ 0.4	\$ 8.7	\$ 3.1	\$ 2.3	\$ 4.3	\$ 4.2	\$ 4.3
Weighted average assumptions: Discount rate	5.75%	5.50%	5.75%	4.81%	4.53%	4.75%	5.75%	5.50%	5.75%
Expected return on plan assets	5.75%	8.25%	8.25%	5.74%	6.37%	5.25%	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	3.88%	3.53%	3.50%	N/A	N/A	N/A

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the

market-related value of assets are amortized over the average remaining service period of active participants.

The following is a reconciliation of the changes in benefit obligation, the changes in plan assets, and the funded status as of December 31, 2007 and 2006.

	US Pension Plans		Non-U.S. Pension Plans		Postretirement Health and Other	
	2007	2006	2007	2006	2007	2006
Change in Benefit Obligation						
Benefit obligation, beginning of year	\$ 124.1	\$ 119.2	\$ 100.7	\$ 88.5	\$ 59.9	\$ 60.2
Service cost			2.1	2.1	0.7	0.9
Interest cost	7.0	6.4	3.6	4.4	3.3	3.2
Participant contributions			0.1	0.1	2.0	1.7
Plan settlements			(37.7)			
Special termination benefits			5.3			
Actuarial loss (gain)	(12.5)	3.2	(5.1)	(2.1)	(9.4)	1.0
Currency translation adjustment			3.6	11.0		
Benefits paid	(4.7)	(4.7)	(8.9)	(3.3)	(6.3)	(7.1)
Benefit obligation, end of year	113.9	124.1	63.7	100.7	50.2	59.9
Change in Plan Assets						
Fair value of plan assets, beginning of year	88.0	79.9	72.4	54.3		
Actual return on plan assets	8.0	8.5	4.4	4.9		
Employer contributions	28.0	4.3	19.2	9.6	4.4	5.4
Participant contributions			0.1	0.1	1.9	1.7
Plan settlements			(37.7)			
Currency translation adjustment			1.9	6.8		
Benefits paid	(4.7)	(4.7)	(8.9)	(3.3)	(6.3)	(7.1)
Fair value of plan assets, end of year	119.2	88.0	51.4	72.4		
Funded status	\$ 5.3	\$ (36.1)	\$ (12.3)	\$ (28.3)	\$ (50.2)	\$ (59.9)
Amounts recognized in the Consolidated Balance sheet at December 31						
Prepaid benefit cost	\$	\$	\$	\$	\$	\$
Pension asset	11.9		3.4			
Pension obligation	(6.6)	(36.1)	(15.7)	(28.3)		
Postretirement health and other benefit obligations					(50.2)	(59.9)
Net amount recognized	\$ 5.3	\$ (36.1)	\$ (12.3)	\$ (28.3)	\$ (50.2)	\$ (59.9)
Weighted-Average Assumptions						
Discount rate	6.50%	5.75%	5.68%	4.81%	6.50%	5.75%
Expected return on plan assets	6.50%	5.75%	6.03%	5.74%	N/A	N/A

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Amounts recognized in accumulated other comprehensive income as of December 31, 2007 and 2006, consist of the following:

	Pensions		Postretirement health and other	
	2007	2006	2007	2006
Net actuarial gain (loss)	\$ (4.8)	\$ (26.1)	\$ 0.5	\$ (8.7)
Prior service credit	0.3	0.3		
Total amount recognized	\$ (4.5)	\$ (25.8)	\$ 0.5	\$ (8.7)

The amounts in accumulated other comprehensive income that are expected to be recognized as components of net periodic benefit cost during the next fiscal year are not significant for the pension and the postretirement health and other plans.

For measurement purposes, a 7.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2007. The rate was assumed to decrease gradually to 5.0% for 2014 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total service and interest cost components of net periodic postretirement health care benefit cost	\$ 0.4	\$ (0.3)
Effect on the health care component of the accumulated postretirement benefit obligation	\$ 4.1	\$ (4.2)

It is reasonably possible that the estimate for future retirement and health costs may change in the near future due to changes in the health care environment or changes in interest rates that may arise. Presently, there is no reliable means to estimate the amount of any such potential changes.

The weighted-average asset allocations of the U.S. pension plans at December 31, 2007 and 2006, by asset category are as follows:

	2007	2006
Equity	10.0%	60.9%
Fixed income	90.0	31.3
Real estate		
Other		7.8
	100.0%	100.0%

The weighted-average asset allocations of the Non U.S. pension plans at December 31, 2007 and 2006, by asset category are as follows:

	2007	2006
Equity	33.5%	58.6%
Fixed income	63.5	39.2
Real estate	1.0	0.5
Other	2.0	1.7

The board of directors has established the Retirement Plan Committee (the Committee) to manage the operations and administration of all benefit plans and related trusts. The Committee is committed to diversification to reduce the risk of large losses. On a quarterly basis, the Committee reviews progress towards achieving the pension plans and individual managers performance objectives.

The three U.S. pension plans had benefit accruals frozen during 2003. Effective January 1, 2007, the company merged all U.S. pension plans together and made a contribution of \$27.2 million that is expected to

fully fund the ongoing pension liability. The company also changed its investment policy to more closely align the interest rate sensitivity of its pension assets with the corresponding liabilities. The resulting asset allocation is approximately 10% equities and 90% fixed income. This funding and change in allocation removed a significant portion of the U.S. pension's volatility arising from unpredictable changes in interest rates and the equity markets. This decision will protect the company's balance sheet as well as support its goal of minimizing unexpected future pension cash contributions based upon the new provisions of the Pension Protection Act and protect our employees' benefits.

During the second quarter of 2007, the company made a \$15.1 million pension contribution to its U.K. defined benefit pension plan. The \$15.1 million contribution funded the defined benefit plan as well as paid an incentive to certain pensioners to transfer from the defined benefit plan to a defined contribution plan. As a result of this payment, the company recorded a charge during the second quarter of 2007 of approximately \$3.8 million to reflect the incentive given to the pensioners and expenses incurred.

During the second quarter of 2007, the company recorded a charge of \$1.4 million related to a withdraw liability from a multiemployer pension plan at its former River Falls, Wisconsin facility. During the third quarter of 2005, the company closed its Kolpak operation located in River Falls, Wisconsin and consolidated it with its operation in Tennessee. The \$1.4 million represents the estimated payment the company will make to the multiemployer pension plan for its former union employees at the closed facility.

To develop the expected long-term rate of return on assets assumptions, the company considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio.

The expected 2008 contributions for the U.S. pension plans are as follows: the minimum contribution for 2008 is \$0.6 million; the discretionary contribution is \$0 million; and the non-cash contribution is \$0. The expected 2008 contributions for the non-U.S. pension plans are as follows: the minimum contribution for 2008 is \$3.9 million; the discretionary contribution is \$0; and the non-cash contribution is \$0. Expected company paid claims for the postretirement health and life plans are \$3.9 million for 2008. Projected benefit payments from the plans as of December 31, 2007 are estimated as follows:

	U.S Pension Plans		Non-U.S. Pension Plans		Postretirement Health and Other	
2008	\$	4.9	\$	3.0	\$	3.9
2009		5.1		2.8		4.0
2010		5.4		3.3		4.1
2011		5.8		3.3		4.2
2012		6.3		2.8		4.3
2013 - 2017		38.5		21.2		23.8

The fair value of plan assets for which the accumulated benefit obligation is in excess of the plan assets as of December 31, 2007 and 2006 is as follows:

	U.S Pension Plans		Non U.S. Pension Plans	
	2007	2006	2007	2006
Projected benefit obligation	6.6	124.1	13.9	91.1
Accumulated benefit obligation	6.6	124.1	13.4	87.0
Fair value of plan assets		88.0		62.3

The accumulated benefit obligation for all U.S. pension plans as of December 31, 2007 and 2006 was \$6.6 million and \$124.1 million, respectively. The accumulated benefit obligation for all non-U.S. pension plans as of December 31, 2007 and 2006 was \$22.3 million and \$98.2 million, respectively.

The measurement date for all plans is December 31, 2007.

The company maintains a target benefit plan for certain executive officers of the company that is unfunded. Expenses related to the plan in the amount of \$3.0 million, \$1.9 million and \$1.4 million were recorded in 2007, 2006 and 2005, respectively. Amounts accrued as of December 31, 2007 and 2006 related to this plan were \$13.4 million and \$9.1 million, respectively.

The company has a deferred compensation plan that enables certain key employees and non-employee directors to defer a portion of their compensation or fees on a pre-tax basis. The company matches contributions under this plan at a rate equal to an employee's profit sharing percentage plus one percent. Effective January 1, 2002, the company amended its deferred compensation plan to provide plan participants the ability to direct deferrals and company matching contributions into two separate investment programs, Program A and Program B.

The investment assets in Program A and B are held in two separate Deferred Compensation Plans, which restrict the company's use and access to the funds but which are also subject to the claims of the company's general creditors in rabbi trusts. Program A invests solely in the company's stock; dividends paid on the company's stock are automatically reinvested; and all distributions must be made in company stock. Program B offers a variety of investment options but does not include company stock as an investment option. All distributions from Program B must be made in cash. Participants cannot transfer assets between programs.

Program A is accounted for as a plan which does not permit diversification. As a result, the company stock held by Program A is classified in equity in a manner similar to accounting for treasury stock. The deferred compensation obligation is classified as an equity instrument. Changes in the fair value of the company's stock and the compensation obligation are not recognized. The asset and obligation for Program A were both \$0.2 million at December 31, 2007 and \$0.5 million at December 31, 2006. These amounts are offset in the Consolidated Statements of Stockholders' Equity and Comprehensive Income.

Program B is accounted for as a plan which permits diversification. As a result, the assets held by Program B are classified as an asset in the Consolidated Balance Sheets and changes in the fair value of the assets are recognized in earnings. The deferred compensation obligation is classified as a liability in the Consolidated Balance Sheets and adjusted, with a charge or credit to compensation cost, to reflect changes in the fair value of the obligation. The assets, included in other non-current assets, and obligation, included in other non-current liabilities, were both \$13.1 million at December 31, 2007 and \$11.2 million at December 31, 2006. The net impact on the Consolidated Statements of Operations was \$0 for the years ended December 31, 2007, 2006 and 2005.

19. Leases

The Company leases various property, plant and equipment. Terms of the leases vary, but generally require the company to pay property taxes, insurance premiums, and maintenance costs associated with the leased property. Rental expense attributed to operating leases was \$28.0 million, \$23.6 million and \$21.7 million in 2007, 2006 and 2005, respectively. Future minimum rental obligations under non-cancelable

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operating leases, as of December 31, 2007, are payable as follows:

2008	\$	24.4
2009		16.8
2010		12.6
2011		7.3
2012		4.4
Thereafter		13.4

20. Business Segments

The company identifies its segments using the management approach, which designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the company's reportable segments. The company has three reportable segments: Crane; Foodservice and Marine. The company has not aggregated individual operating segments within these reportable segments.

The Crane business is a global provider of engineered lift solutions which designs, manufactures and markets a comprehensive line of lattice-boom crawler cranes, mobile telescopic cranes, tower cranes, and boom trucks. The Crane products are marketed under the Manitowoc, Grove, Potain, and National brand names and are used in a wide variety of applications, including energy, petrochemical and industrial projects, infrastructure development such as road, bridge and airport construction, commercial and high-rise residential construction, mining and dredging. Our crane-related product support services are marketed under the Crane CARE brand name and include maintenance and repair services and parts supply.

The Foodservice business is a broad-line manufacturer of cold side commercial foodservice products. Foodservice designs, manufactures and markets full product lines of ice making machines, walk-in and reach-in refrigerators and freezers, fountain beverage delivery systems and other foodservice refrigeration products for the lodging, restaurant, healthcare, convenience store, soft-drink bottling, and institutional foodservice markets. Foodservice products are marketed under the Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann's, Koolaire, Flomatic, Kyees, RDI, and other brand names.

The Marine business provides new construction, ship repair and maintenance services for freshwater and saltwater vessels and oceangoing mid-size commercial, research, and military vessels from three shipyards on the Great Lakes. Marine serves the Great Lakes maritime market consisting of US and Canadian fleets, inland waterway operations and ocean going vessels that transit the Great Lakes and St. Lawrence Seaway.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies except that certain expenses are not allocated to the segments. These unallocated expenses are corporate overhead, amortization expense of intangible assets with definite lives, interest expense and income tax expense. The company evaluates segment performance based upon profit and loss before the aforementioned expenses. Financial information relating to the company's reportable segments for the years ended December 31, 2007, 2006 and 2005 is as follows. Restructuring costs separately identified in the Consolidated Statements of Operations are included as reductions to the respective segments operating earnings for each year below.

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	2007	2006	2005
Net sales from continuing operations:			
Crane	\$ 3,245.7	\$ 2,235.4	\$ 1,628.7
Foodservice	438.3	415.4	399.6
Marine	321.0	282.5	225.8
Total	\$ 4,005.0	\$ 2,933.3	\$ 2,254.1
Operating earnings (loss) from continuing operations:			
Crane	\$ 470.5	\$ 280.6	\$ 115.5
Foodservice	61.3	56.2	54.9
Marine	26.1	11.3	(9.2)
Corporate	(48.2)	(42.4)	(24.8)
Amortization expense	(5.8)	(3.3)	(3.1)
Gain on sale of parts line	3.3		
Pension settlements	(5.3)		
Operating earnings from continuing operations	\$ 501.9	\$ 302.4	\$ 133.3
Capital expenditures:			
Crane	\$ 103.7	\$ 51.3	\$ 32.9
Foodservice	3.7	10.9	16.9
Marine	6.8	3.1	4.1
Corporate	5.4	2.3	1.0
Total	\$ 119.6	\$ 67.6	\$ 54.9
Total assets:			
Crane	\$ 1,958.1	\$ 1,572.4	\$ 1,224.7
Foodservice	341.5	340.1	313.2
Marine	123.1	120.9	123.3
Corporate	446.0	186.1	300.6
Total	\$ 2,868.7	\$ 2,219.5	\$ 1,961.8

Net sales from continuing operations and long-lived asset information by geographic area as of and for the years ended December 31 are as follows:

	Net Sales			Long-Lived Assets	
	2007	2006	2005	2007	2006
United States	\$ 1,948.4	\$ 1,535.1	\$ 1,177.7	\$ 676.9	\$ 594.5
Other North America	114.1	80.5	38.7		
Europe	1,215.0	817.0	679.4	483.5	424.3
Asia	299.5	170.4	118.2	118.7	43.7
Middle East	183.0	167.8	112.9	1.7	1.3
Central and South America	61.9	54.0	34.8	0.4	
Africa	64.2	50.6	37.3		
South Pacific and Caribbean	16.0	5.0	8.0	5.6	5.8
Australia	102.9	52.9	47.1	6.3	7.2
Total	\$ 4,005.0	\$ 2,933.3	\$ 2,254.1	\$ 1,293.1	\$ 1,076.8

Net sales from continuing operations and long-lived asset information for Europe primarily relates to France, Germany and the United Kingdom.

21. Subsidiary Guarantors of Senior Notes due 2013

The following tables present condensed consolidating financial information for (a) the parent company, The Manitowoc Company, Inc. (Parent); (b) the guarantors of the Senior Notes due 2013, which include substantially all of the domestic wholly owned subsidiaries of the company (Subsidiary Guarantors); and (c) the wholly and partially owned foreign subsidiaries of the company, which do not guarantee the Senior Notes due 2013 (Non-Guarantor Subsidiaries). Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are fully and unconditionally, jointly and severally liable under the guarantees, and 100% owned by the company. On August 1, 2007, the company redeemed its 10 ½% senior subordinated notes due 2012, the guarantors of which are substantially the same as the guarantors of the Senior Notes due 2013.

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Condensed Consolidating Statement of Operations

For the year ended December 31, 2007

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	\$	\$ 2,416.5	\$ 2,091.2	\$ (502.7)	\$ 4,005.0
Costs and expenses:					
Cost of sales		1,927.5	1,668.6	(502.7)	3,093.4
Engineering, selling and administrative expenses	47.1	187.3	167.5		401.9
Gain on sale of parts line		(3.3)			(3.3)
Pension settlements	1.3		4.0		5.3
Amortization expense		1.9	3.9		5.8
Curtailment gain					
Equity in (earnings) loss of subsidiaries	(303.2)	(5.1)		308.3	
Total costs and expenses	(254.8)	2,108.3	1,844.0	(194.4)	3,503.1
Operating earnings (loss) from continuing operations	254.8	308.2	247.2	(308.3)	501.9
Interest expense	(22.7)	(4.8)	(8.8)		(36.3)
Management fees	59.5	(60.3)	0.8		
Loss on debt extinguishment	(12.5)				(12.5)
Other income (expense) - net	70.7	(18.7)	(42.1)		9.9
Total other income (expenses) - net	95.0	(83.8)	(50.1)		(38.9)
Earnings (loss) from continuing operations before taxes on income (loss)	349.8	224.4	197.1	(308.3)	463.0
Provision (benefit) for taxable income (loss)	13.1	61.7	54.6		129.4
Earnings from continuing operations	336.7	162.7	142.5	(308.3)	333.6
Earnings (loss) from discontinued operations, net of income taxes		2.0	1.1		3.1
Loss on sale or closure of discontinued operations, net of income taxes					
Net earnings (loss)	\$ 336.7	\$ 164.7	\$ 143.6	\$ (308.3)	\$ 336.7

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Condensed Consolidating Statement of Operations

For the year ended December 31, 2006

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	\$	\$ 1,879.4	\$ 1,366.2	\$ (312.3)	\$ 2,933.3
Costs and expenses:					
Cost of sales		1,514.2	1,084.1	(312.3)	2,286.0
Engineering, selling and administrative expenses	41.4	166.1	134.1		341.6
Amortization expense		1.5	1.8		3.3
Plant consolidation and restructuring costs					
Curtailment gain					
Equity in (earnings) loss of subsidiaries	(180.6)	1.5		179.1	
Total costs and expenses	(139.2)	1,683.3	1,220.0	(133.2)	2,630.92
Operating earnings (loss) from continuing operations	139.2	196.1	146.2	(179.1)	302.4
Interest expense	(34.0)	(1.3)	(11.0)		(46.3)
Management fees	39.8	(39.8)			
Loss on debt extinguishment	(14.4)				(14.4)
Other income (expense) - net	33.6	(21.0)	(9.4)		3.2
Total other income (expenses) - net	25.0	(62.1)	(20.4)		(57.5)
Earnings (loss) from continuing operations before taxes on income (loss)	164.2	134.0	125.8	(179.1)	244.9
Provision (benefit) for taxable income (loss)	(2.0)	43.7	36.7		78.4
Earnings from continuing operations	166.2	90.3	89.1	(179.1)	166.5
Earnings (loss) from discontinued operations, net of income taxes		(0.3)			(0.3)
Loss on sale or closure of discontinued operations, net of income taxes					
Net earnings (loss)	\$ 166.2	\$ 90.0	\$ 89.1	\$ (179.1)	\$ 166.2

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Condensed Consolidating Statement of Operations

For the year ended December 31, 2005

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	\$	\$ 1,419.9	\$ 1,083.7	\$ (249.5)	\$ 2,254.1
Costs and expenses:					
Cost of sales		1,192.0	889.7	(249.5)	1,832.2
Engineering, selling and administrative expenses	24.7	141.3	116.3		282.3
Amortization expense		1.0	2.1		3.1
Plant consolidation and restructuring costs		3.2			3.2
Equity in (earnings) loss of subsidiaries	(78.2)	(1.8)		80.0	
Total costs and expenses	(53.5)	1,335.7	1,008.1	(169.5)	2,120.8
Operating earnings (loss) from continuing operations	53.5	84.2	75.6	(80.0)	133.3
Interest expense	(47.5)	(2.0)	(4.3)		(53.8)
Management fees	26.7	(26.7)			
Loss on debt extinguishment	(9.1)				(9.1)
Other net income (expense) - net	39.5	(23.7)	(12.3)		3.5
Total other income (expense) - net	9.6	(52.4)	(16.6)		(59.4)
Earnings (loss) from continuing operations before taxes on income (loss)	63.1	31.8	59.0	(80.0)	73.9
Provision (benefit) for taxes on income (loss)	(2.7)	(1.3)	18.8		14.8
Earnings from continuing operations	65.8	33.1	40.2	(80.0)	59.1
Earnings from discontinued operations, net of income taxes		0.9			0.9
Gain on sale or closure of discontinued operations, net of income taxes		5.8			5.8
Net earnings	\$ 65.8	\$ 39.8	\$ 40.2	\$ (80.0)	\$ 65.8

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Condensed Consolidating Balance Sheet

As of December 31, 2007

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 194.9	\$ 22.3	\$ 146.7	\$	\$ 363.9
Marketable securities	2.5				2.5
Restricted cash	15.5		1.2		16.7
Account receivable-net	0.5	117.4	309.2		427.1
Inventories-net		208.2	389.5		597.7
Deferred income taxes	46.6		19.5		66.1
Other current assets	0.7	53.3	47.6		101.6
Total current assets	260.7	401.2	913.7		1,575.6
Property, plant and equipment - net	9.5	199.3	280.7		489.5
Goodwill-net		325.9	192.9		518.8
Other intangible assets		71.6	129.0		200.6
Deferred income taxes	25.0		2.6		27.6
Other non-current assets	38.0	9.8	8.8		56.6
Investments in affiliates	948.6	8.4		(957.0)	
Total assets	\$ 1,281.8	\$ 1,016.2	\$ 1,527.7	\$ (957.0)	\$ 2,868.7
Liabilities and stockholders equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 32.5	\$ 374.8	\$ 538.2	\$	\$ 945.5
Short-term borrowings			13.1		13.1
Product warranties		39.5	41.8		81.3
Product liabilities		30.0	4.7		34.7
Total current liabilities	32.5	444.3	597.8		1,074.6
Long-term debt	150.1		67.4		217.5
Pension obligations	6.4	0.6	15.3		22.3
Postretirement health and other benefit obligations	50.2		1.1		51.3
Long-term deferred revenue		16.6	44.0		60.6
Intercompany	(354.6)	(253.0)	607.6		
Other non-current liabilities	47.3	16.0	29.2		92.5
Total non-current liabilities	(100.6)	(219.8)	764.6		444.2
Stockholders equity	1,349.9	791.7	165.3	(957.0)	1,349.9
Total liabilities and stockholders equity	\$ 1,281.8	\$ 1,016.2	\$ 1,527.7	\$ (957.0)	\$ 2,868.7

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Condensed Consolidating Balance Sheet

As of December 31, 2006

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 20.4	\$ 22.9	\$ 130.4	\$	\$ 173.7
Marketable securities	2.4				2.4
Restricted cash	15.1				15.1
Account receivable-net	0.3	92.3	192.6		285.2
Inventories-net		203.7	288.7		492.4
Deferred income taxes	61.3		36.4		97.7
Other current assets	0.6	44.8	30.8		76.2
Total current assets	100.1	363.7	678.9		1,142.7
Property, plant and equipment - net					
Property, plant and equipment - net	9.2	162.1	227.6		398.9
Goodwill-net		311.9	150.2		462.1
Other intangible assets		67.0	93.0		160.0
Deferred income taxes	15.2		(0.9)		14.3
Other non-current assets	23.4	11.7	6.4		41.5
Investments in affiliates	623.8	3.4		(627.2)	
Total assets	\$ 771.7	\$ 919.8	\$ 1,155.2	\$ (627.2)	\$ 2,219.5
Liabilities and stockholders equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 65.4	\$ 335.1	\$ 439.1	\$	\$ 839.6
Short-term borrowings			4.1		4.1
Product warranties		33.1	26.5		59.6
Product liabilities		30.1	2.0		32.1
Total current liabilities	65.4	398.3	471.7		935.4
Long-term debt					
Long-term debt	259.3		5.0		264.3
Pension obligations	29.3	10.9	24.3		64.5
Postretirement health and other benefit obligations					
Postretirement health and other benefit obligations	59.9				59.9
Long-term deferred revenue		9.7	61.9		71.6
Intercompany	(441.6)	(76.7)	518.3		
Other non-current liabilities	24.8	15.3	9.2		49.3
Total non-current liabilities	(68.3)	(40.8)	618.7		509.6
Stockholders equity	774.6	562.3	64.8	(627.2)	774.5
Total liabilities and stockholders equity	\$ 771.7	\$ 919.8	\$ 1,155.2	\$ (627.2)	\$ 2,219.5

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Condensed Consolidating Statement of Cash Flows

For the year ended December 31, 2007

	Parent	Guarantor	Non-guarantor	Total
Net cash provided by operating activities	\$ 64.2	\$ 186.3	\$ (12.3)	\$ 238.2
Cash flows from investing activities:				
Capital expenditures	(2.5)	(54.7)	(62.4)	(119.6)
Business acquisition, net of cash acquired		(15.9)	(64.0)	(79.9)
Restricted cash	(0.4)		(1.2)	(1.6)
Proceeds from sale of property, plant and equipment		0.3	9.5	9.8
Proceeds from sale of parts product line		4.9		4.9
Purchase of marketable securities	(0.1)			(0.1)
Intercompany investing	51.6	(118.0)	66.4	
Net cash provided by (used for) investing activities of continuing operations	48.6	(183.4)	(51.7)	(186.5)
Net cash provided by investing activities of discontinued operations				
Net cash provided by (used for) investing activities	48.6	(183.4)	(51.7)	(186.5)
Cash flows from financing activities:				
Proceeds from long-term debt			13.8	13.8
Payments on long-term debt	(113.8)			(113.8)
Proceeds from (payments) on revolving credit facility			56.7	56.7
Proceeds from notes financing net		(3.4)	(0.9)	(4.3)
Debt issue costs	(0.1)			(0.1)
Dividends paid	(9.5)			(9.5)
Net proceeds of equity offering	157.1			157.1
Exercise of stock options	28.0			28.0
Net cash used for financing activities	61.7	(3.4)	69.6	127.9
Effect of exchange rate changes on cash			10.7	10.7
Net increase in cash and cash equivalents	174.4	(0.5)	16.3	190.2
Balance at beginning of year	20.4	22.9	130.4	173.7
Balance at end of year	\$ 194.8	\$ 22.4	\$ 146.7	\$ 363.9

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Condensed Consolidating Statement of Cash Flows

For the year ended December 31, 2006

	Parent	Guarantor	Non-guarantor	Total
Net cash provided by operating activities	\$ 26.0	\$ 143.1	\$ 125.0	\$ 294.1
Cash flows from investing activities:				
Capital expenditures	(1.8)	(27.3)	(38.5)	(67.6)
Business acquisition, net of cash acquired		(48.1)		(48.1)
Restricted cash	(15.1)			(15.1)
Proceeds from sale of property, plant and equipment		0.7	9.6	10.3
Sale of marketable securities	(0.1)			(0.1)
Intercompany investing	71.7	(48.7)	(23.0)	
Net cash provided by (used for) investing activities of continuing operations	54.7	(123.4)	(51.9)	(120.6)
Net cash provided by investing activities of discontinued operations				
Net cash provided by (used for) investing activities	54.7	(123.4)	(51.9)	(120.6)
Cash flows from financing activities:				
Proceeds from senior notes				
Payments on long-term debt	(223.5)			(223.5)
Proceeds on short-term borrowings -net			(13.6)	(13.6)
Proceeds from (payments) on revolving credit facility	(4.3)			(4.3)
Proceeds from notes financing - net		(6.3)	(9.1)	(15.4)
Debt issue costs	(0.2)			(0.2)
Dividends paid	(8.6)			(8.6)
Exercise of stock options	30.2			30.2
Net cash used for financing activities	(206.4)	(6.3)	(22.7)	(235.4)
Effect of exchange rate changes on cash			6.1	6.1
Net increase in cash and cash equivalents	(125.7)	13.4	56.5	(55.8)
Balance at beginning of year	146.4	9.7	73.4	229.5
Balance at end of year	\$ 20.7	\$ 23.1	\$ 129.9	\$ 173.7

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Condensed Consolidating Statement of Cash Flows

For the year ended December 31, 2005

	Parent	Guarantor	Non-guarantor	Total
Net cash provided by operating activities	\$ 2.1	\$ 20.0	\$ 84.6	\$ 106.7
Cash flows From investing activities:				
Capital expenditures	(1.0)	(18.6)	(35.3)	(54.9)
Proceeds from sale of property, plant and equipment		2.3	12.8	15.1
Purchase of marketable securities	(0.1)			(0.1)
Intercompany investing	66.0	(31.7)	(34.3)	
Net cash provided by (used for) investing activities of continuing operations	64.9	(48.0)	(56.8)	(39.9)
Net cash provided by investing activities of discontinued operations		28.3		28.3
Net cash provided by (used for) investing activities	64.9	(19.7)	(56.8)	(11.6)
Cash flows from financing activities:				
Payments on long-term debt	(61.3)		(15.8)	(77.1)
Proceeds from short-term borrowings - net			19.9	19.9
Proceeds from revolving credit facility	4.3			4.3
Proceeds from notes financing net		13.9	0.3	14.2
Debt issue costs	(1.8)			(1.8)
Dividends paid	(8.4)			(8.4)
Exercises of stock options	10.8			10.8
Cash provided by (used for) financing activities	(56.4)	13.9	4.4	(38.1)
Effect of exchange rate changes on cash			(3.9)	(3.9)
Net increase in cash and cash equivalents	10.6	14.2	28.3	53.1
Balance at beginning of year	135.8	(4.5)	45.1	176.4
Balance at end of year	\$ 146.4	\$ 9.7	\$ 73.4	\$ 229.5

22. Quarterly Financial Data (Unaudited)

Quarterly financial data for 2007 and 2006 is as follows:

	2007				2006			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	\$ 862.1	\$ 1,018.6	\$ 1,006.2	\$ 1,118.2	\$ 633.0	\$ 746.2	\$ 779.0	\$ 775.2
Gross profit	195.4	240.0	224.8	251.5	135.2	172.0	169.3	170.8
Earnings from continuing operations	64.1	97.5	75.9	96.1	30.0	42.2	50.4	43.9
Discontinued operations:								
Earnings (loss) from discontinued operations, net of income taxes				3.1	(0.3)			
Gain (loss) on sale or closure of discontinued operations, net of income taxes								
Net earnings (loss)	\$64.1	\$97.5	\$75.9	\$99.2	\$29.7	\$42.2	\$50.4	\$43.9
Basic earnings per share:								
Earnings from continuing operations	\$0.52	\$0.78	\$0.61	\$0.76	\$0.25	\$0.34	\$0.41	\$0.35
Discontinued operations:								
Earnings (loss) from discontinued operations, net of income taxes				0.02	(0.01)			
Gain (loss) on sale or closure of discontinued operations, net of income taxes								
Net earnings	\$0.52	\$0.78	\$0.61	\$0.78	\$0.24	\$0.34	\$0.41	\$0.35
Diluted earnings per share:								
Earnings from continuing operations	\$0.51	\$0.76	\$0.59	\$0.74	\$0.24	\$0.33	\$0.40	\$0.35
Discontinued operations:								
Earnings (loss) from discontinued operations, net of income taxes				0.02				
Gain (loss) on sale or closure of discontinued operations, net of income taxes								
Net earnings	\$0.51	\$0.76	\$0.59	\$0.76	\$0.24	\$0.33	\$0.40	\$0.35
Dividends per common share	\$0.02	\$0.02	\$0.0175	\$0.0175	\$0.0175	\$0.0175	\$0.0175	\$0.0175

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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:

Date: July 31, 2008

The Manitowoc Company, Inc.
(Registrant)

/s/ Glen E. Tellock
Glen E. Tellock
President and Chief Executive Officer

/s/ Carl J. Laurino
Carl J. Laurino
Senior Vice President and Chief
Financial Officer