TEREX CORP
Form 10-Q
October 29, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

F O R M 10 – Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

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

Commission file number 1-10702

Terex Corporation

(Exact name of registrant as specified in its charter)

Delaware	**34-1531521**
(State of Incorporation)	(IRS Employer Identification No.)

200 Nyala Farm Road, Westport, Connecticut 06880

(Address of principal executive offices)

(203) 222-7170

(Registrant's telephone number, including area code)

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

YES x **NO o**

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

YES x **NO o**

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

Large accelerated filer x **Accelerated filer o** **Non-accelerated filer o** **Smaller Reporting Company o**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o **NO x**

Number of outstanding shares of common stock: 108.1 million as of October 27, 2009.

The Exhibit Index begins on page 59.

INDEX

TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of September 30, 2009 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are wholly-owned) which were guarantors on September 30, 2009 (the "Guarantors") of the Company's 7-3/8% Senior Subordinated Notes due 2014. See Note P – "Consolidating Financial Statements" to the Company's September 30, 2009 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as "Terex," the "Registrant," "us," "we," "our" or the "Company."

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
Amida Industries, Inc.	South Carolina	57-0531390
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Duvalpilot Equipment Outfitters, LLC	Florida	22-3886719
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
Genie Manufacturing, Inc.	Washington	91-1499412
GFS National, Inc.	Washington	91-1959375
Halco America Inc.	Georgia	58-1851191
Hydra Platforms Mfg. Inc.	North Carolina	56-1714789
Loegering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Powerscreen USC Inc.	Delaware	23-2846987
PPM Cranes, Inc.	Delaware	39-1611683
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Spinnaker Insurance Company	Vermont	03-0372517
Superior Highwall Holding, Inc.	Delaware	20-4694546
Superior Highwall Miners, Inc.	Delaware	20-4694797
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex Mexico, LLC	Delaware	81-0586645

Terex Mining Equipment, Inc.	Delaware	06-1503634
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703
Terex-RO Corporation	Kansas	44-0565380
Terex-Telelect, Inc.	Delaware	41-1603748

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed below in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contingencies and Uncertainties." In addition, when included in this Quarterly Report or in documents incorporated herein by reference, the words "may," "expects," "intends," "anticipates," "plans," "projects," "estimates" and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- Our business is cyclical and weak general economic conditions, particularly in the key industries we serve, may affect the sales of our products and financial results;
- uncertainties regarding the duration or severity of the current global economic downturn and disruptions in the financial markets;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to fluctuations in government spending;
- our business is very competitive and may be affected by our cost structure, as well as pricing, product initiatives and actions taken by competitors;
- a material disruption to one of our significant facilities;
- our retention of key management personnel;
- the financial condition of suppliers and customers, and their continued access to capital;
- our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
- our ability to timely manufacture and deliver products to customers;
- the need to generate sufficient cash flow to service our debt obligations and to comply with restrictive covenants contained in our debt agreements;
- our business is global and subject to changes in exchange rates between currencies, as well as international politics, particularly in developing markets;
- the effects of changes in laws and regulations;
- possible work stoppages and other labor matters;
- compliance with applicable environmental laws and regulations;
- litigation and product liability claims and other liabilities;
- an investigation by the Department of Justice ("DOJ");
- our implementation of a global enterprise system and its performance; and
- other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements contained herein speak only as of the date of this Quarterly Report and the forward-looking statements contained in documents incorporated herein by reference speak only as of the date of the respective documents. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained or incorporated by reference in this Quarterly Report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

		Page No.
PART I	**FINANCIAL INFORMATION**	
Item 1	Condensed Consolidated Financial Statements	
	TEREX CORPORATION AND SUBSIDIARIES	
	Condensed Consolidated Statement of Income - Three and nine months ended September 30, 2009 and 2008	4
	Condensed Consolidated Balance Sheet - September 30, 2009 and December 31, 2008	5
	Condensed Consolidated Statement of Changes in Stockholders' Equity - September 30, 2009 and December 31, 2008	6
	Condensed Consolidated Statement of Cash Flows - Nine months ended September 30, 2009 and 2008	7
	Notes to Condensed Consolidated Financial Statements - September 30, 2009	8
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3	Quantitative and Qualitative Disclosures About Market Risk	54
Item 4	Controls and Procedures	56
PART II	**OTHER INFORMATION**	
Item 1	Legal Proceedings	56
Item 1A	Risk Factors	56
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	57
Item 3	Defaults Upon Senior Securities	57
Item 4	Submission of Matters to a Vote of Security Holders	57
Item 5	Other Information	57
Item 6	Exhibits	57
SIGNATURES		58
EXHIBIT INDEX		59

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(in millions, except per share data)

	Three Months Ended September 30,		*Nine Months Ended September 30,*	
	2009	2008	2009	2008
Net sales	$ 1,226.1	$ 2,514.6	$ 3,848.9	$ 7,813.2
Cost of goods sold	(1,116.5)	(2,068.4)	(3,466.9)	(6,201.8)
Gross profit	109.6	446.2	382.0	1,611.4
Selling, general and administrative expenses	(204.1)	(279.0)	(634.7)	(817.0)
(Loss) income from operations	(94.5)	167.2	(252.7)	794.4
Other income (expense)				
Interest income	1.4	4.4	3.5	18.5
Interest expense	(32.6)	(26.4)	(81.4)	(76.2)
Loss on early extinguishment of debt	-	-	(3.3)	-
Other income (expense) – net	(1.2)	(5.8)	-	4.0
(Loss) income before income taxes	(126.9)	139.4	(333.9)	740.7
Benefit from (provision for) income taxes	24.5	(44.9)	79.3	(244.9)
Net (loss) income	(102.4)	94.5	(254.6)	495.8
Less: Net income attributable to noncontrolling interest	(0.7)	(0.7)	(1.0)	(2.4)
Net (loss) income attributable to Terex Corporation	$ (103.1)	$ 93.8	$ (255.6)	$ 493.4
(Loss) Earnings Per Share Attributable to Terex Corporation Common Stockholders:				
Basic	$ (0.95)	$ 0.98	$ (2.54)	$ 4.97
Diluted	$ (0.95)	$ 0.96	$ (2.54)	$ 4.89
Weighted average number of shares outstanding in per share calculation				
Basic	108.1	96.1	100.7	99.2
Diluted	108.1	98.1	100.7	101.0

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

4

TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

(in millions, except par value)

	September 30, 2009	*December 31, 2008*
Assets		
Current assets		
Cash and cash equivalents	$ 1,033.2	$ 484.4
Trade receivables (net of allowance of $63.7 and $62.8 at September 30, 2009 and December 31, 2008, respectively)	678.3	967.5
Inventories	2,018.5	2,234.8
Deferred taxes	176.2	139.0
Other current assets	218.0	215.2
Total current assets	4,124.2	4,040.9
Non-current assets		
Property, plant and equipment - net	705.6	481.5
Goodwill	564.7	457.0
Deferred taxes	106.8	84.5
Other assets	406.4	381.5
Total assets	$ 5,907.7	$ 5,445.4
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	$ 90.8	$ 39.4
Trade accounts payable	625.9	983.9
Accrued compensation and benefits	183.6	169.3
Accrued warranties and product liability	158.7	149.3
Customer advances	166.2	119.3
Other current liabilities	376.5	363.4
Total current liabilities	1,601.7	1,824.6
Non-current liabilities		
Long-term debt, less current portion	1,912.1	1,396.4
Retirement plans and other	551.4	480.5
Total liabilities	4,065.2	3,701.5
Commitments and contingencies		
Stockholders' equity		
Common stock, $.01 par value – authorized 300.0 shares; issued 120.3 and 107.1 shares at September 30, 2009 and December 31, 2008, respectively	1.2	1.1
Additional paid-in capital	1,249.5	1,046.2
Retained earnings	1,101.0	1,356.6

Accumulated other comprehensive income (loss)		66.5		(82.3)
Less cost of shares of common stock in treasury – 13.1 shares at September 30, 2009 and December 31, 2008		(598.7)		(599.9)
Total Terex Corporation stockholders’ equity		1,819.5		1,721.7
Noncontrolling interest		23.0		22.2
Total equity		1,842.5		1,743.9
Total liabilities and stockholders’ equity	$	5,907.7	$	5,445.4

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

5

TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited)

(in millions)

	Outstanding Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehen-sive Income (Loss)	Common Stock in Treasury	Noncontrolling Interest	Total
Balance at January 1, 2008	100.3	$ 1.1	$1,004.1	$1,284.7	$ 256.6	$ (203.3)	$ 19.8	$2,363.0
Net Income	—	—	—	71.9	—	—	3.7	75.6
Other Comprehensive Income (Loss) – net of tax:								
Translation adjustment	—	—	—	—	(332.2)	—	0.3	(331.9)
Pension liability adjustment	—	—	—	—	(10.7)	—	—	(10.7)
Derivative hedging adjustment	—	—	—	—	4.0	—	—	4.0
Comprehensive Loss								(263.0)
Issuance of Common Stock	0.9	—	44.0	—	—	—	—	44.0
Compensation under Stock-based Plans - net	0.2	—	(2.3)	—	—	3.6	—	1.3
Capital contributed	—	—	—	—	—	—	1.0	1.0
Distributions to noncontrolling interest	—	—	—	—	—	—	(2.6)	(2.6)
Acquisition of Treasury Stock	(7.4)	—	0.4	—	—	(400.2)	—	(399.8)
Balance at December 31, 2008	94.0	1.1	1,046.2	1,356.6	(82.3)	(599.9)	22.2	1,743.9
Net (Loss) Income	—	—	—	(255.6)	—	—	1.0	(254.6)
Other Comprehensive Income (Loss) – net of tax:								
Translation adjustment	—	—	—	—	149.4	—	—	149.4
Pension liability adjustment	—	—	—	—	0.5	—	—	0.5
Derivative hedging adjustment	—	—	—	—	(1.1)	—	—	(1.1)
Comprehensive Loss								(105.8)
Issuance of Common Stock	13.2	0.1	181.3	—	—	—	—	181.4
Compensation under Stock-based Plans - net	—	—	(14.0)	—	—	1.4	—	(12.6)
Acquisition	—	—	—	—	—	—	9.7	9.7
Redemption of noncontrolling interest	—	—	1.2	—	—	—	(2.9)	(1.7)
Distributions to noncontrolling interest	—	—	—	—	—	—	(7.0)	(7.0)
Issuance of convertible debt – net of tax	—	—	34.8	—	—	—	—	34.8
Acquisition of Treasury Stock	—	—	—	—	—	(0.2)	—	(0.2)
Balance at September 30, 2009	107.2	$ 1.2	$ 1,249.5	$1,101.0	$ 66.5	$ (598.7)	$ 23.0	$1,842.5

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

TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(in millions)

	Nine Months Ended September 30,	
	2009	*2008*
Operating Activities		
Net (loss) income	$ (254.6)	$ 495.8
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation	59.7	56.2
Amortization	17.3	17.7
Deferred taxes	(85.3)	23.7
Loss on early extinguishment of debt	3.3	-
Gain on sale of assets	(0.8)	(1.8)
Asset impairments	3.9	-
Stock-based compensation	25.6	46.5
Excess tax benefit from stock-based compensation	-	(7.2)
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Trade receivables	437.2	(122.1)
Inventories	497.2	(530.1)
Trade accounts payable	(556.3)	42.6
Accrued compensation and benefits	(30.4)	(30.3)
Income taxes payable	(48.8)	50.4
Accrued warranties and product liability	(16.5)	22.4
Customer advances	(28.1)	(33.9)
Other, net	(31.5)	(62.4)
Net cash used in operating activities	(8.1)	(32.5)
Investing Activities		
Acquisition of businesses, net of cash acquired	(9.8)	(478.1)
Capital expenditures	(48.1)	(91.6)
Proceeds from sale of assets	2.3	20.4
Net cash used in investing activities	(55.6)	(549.3)
Financing Activities		
Proceeds from issuance of long-term debt	620.6	-
Principal repayments of long-term debt	(129.7)	-
Proceeds from issuance of common stock - net	156.3	-
Excess tax benefit from stock-based compensation	-	7.2
Proceeds from stock options exercised	0.4	2.3
Net (repayments) borrowings under revolving line of credit agreements	(36.3)	204.6
Payment of debt issuance costs	(17.2)	-
Share repurchases	-	(395.5)
Redemption of noncontrolling interest	(1.7)	-
Distributions to noncontrolling interest	(7.0)	(2.6)
Other, net	(1.2)	(1.5)

Net cash provided by (used in) financing activities	584.2	(185.5)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	28.3	(17.2)
Net Increase (Decrease) in Cash and Cash Equivalents	548.8	(784.5)
Cash and Cash Equivalents at Beginning of Period	484.4	1,272.4
Cash and Cash Equivalents at End of Period	$ 1,033.2	$ 487.9

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

7

TEREX CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

(unaudited)

NOTE A - BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of September 30, 2009 and for the three and nine months ended September 30, 2009 and 2008 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full-year financial statements. The accompanying Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Changes in Stockholders' Equity as of December 31, 2008 have been derived from the audited Consolidated Balance Sheet and Consolidated Statement of Changes in Stockholders' Equity as of that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

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

In the opinion of management, all adjustments considered necessary for fair statement of these interim financial statements have been made. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three and nine months ended September 30, 2009 are not necessarily indicative of results that may be reported for the year ending December 31, 2009.

Cash and cash equivalents at September 30, 2009 and December 31, 2008 include $17.8 million and $6.7 million, respectively, which was not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Certain prior period amounts in the Condensed Consolidated Financial Statements have been reclassified to conform to current period presentation, including the segment realignment discussion in Note B – "Business Segment Information." In connection with the adoption of the noncontrolling interest guidance codified under Accounting Standards Codification ("ASC") 810, "Consolidation," amounts reported in prior year periods have been retroactively adjusted to conform with the presentation requirements of this guidance.

***Recent Accounting Pronouncements*.** In September 2006, the Financial Accounting Standards Board ("FASB") issued fair value measurement guidance, which was later codified under ASC 820, "Fair Value Measurements and Disclosures." This guidance was effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. It defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. This guidance applies under other accounting pronouncements that require or permit fair value measurements. The guidance indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or

transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. This guidance defines fair value based upon an exit price model. In February 2008, the FASB issued further guidance to exclude accounting for leases from fair value measurement and to delay the effective date of fair value measurement 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) until the beginning of the first quarter of 2009. Effective January 1, 2009, fair value measurement was applied to nonfinancial assets and nonfinancial liabilities. The adoption of fair value measurements did not have a significant impact on the determination or reporting of the Company's financial results.

In December 2007, the FASB issued a revision of business combinations guidance, which was later codified under ASC 805, "Business Combinations." The revised guidance retains the underlying concepts that all business combinations are still required to be accounted for at fair value under the acquisition method of accounting, but changes the application of the acquisition method in a number of significant aspects. Acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. In April 2009, the FASB issued further guidance, which clarifies the initial and subsequent recognition, subsequent accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This requires that such contingencies be recognized at fair value on the acquisition date if fair value can be reasonably estimated during the allocation period. If the acquisition date fair value of an asset or liability cannot be reasonably estimated, the asset or liability would be measured at the amount that would be recognized based on guidance in ASC 450, "Contingencies," which provides thresholds for recognition based on probability and the ability to reasonably estimate an amount or range of amounts. This guidance was effective on a prospective basis for all business combinations for which the acquisition date is on or after the beginning of the first annual period subsequent to December 15, 2008, which, for the Company, was January 1, 2009. As discussed in Note G – "Acquisitions," the adoption of this guidance affected the reporting of the Company's acquisition of Reggiane Cranes and Plants S.p.A. and Noell Crane Holding GmbH (collectively, "Terex Port Equipment" or the "Port Equipment Business") from Fantuzzi Industries S.a.r.l.

In December 2007, the FASB issued guidance related to noncontrolling interests later codified under ASC 810, "Consolidation." This guidance was effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, which, for the Company, was January 1, 2009. This guidance requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the income statement. It also amends certain consolidation procedures for consistency with the requirements of the revised business combination guidance discussed above. This guidance also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. Adoption of the noncontrolling interest guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In March 2008, the FASB issued guidance related to disclosures about derivative instruments and hedging activities later codified under ASC 815, "Derivatives and Hedging." This guidance was effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008, which, for the Company, was January 1, 2009. This guidance is intended to improve financial reporting by requiring transparency about the nature, purpose, location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results. See Note I – "Derivative Financial Instruments."

In April 2008, the FASB issued guidance related to determining the useful lives of intangible assets later codified under ASC 350, "Intangibles – Goodwill and Other." This guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. This guidance was effective on a prospective basis to all intangible assets acquired and for disclosures on all intangible assets recognized on or after the beginning of the first annual period subsequent to December 15, 2008, which, for the Company, was January 1, 2009. The Company has evaluated the new guidance and has determined that it did not have a significant impact on the determination or reporting of its financial results.

In May 2008, the FASB issued guidance related to accounting for convertible debt instruments that may be settled in cash upon conversion, which was later codified under ASC 470, "Debt." This guidance requires separate accounting for the liability and equity components of convertible debt securities that allow for either mandatory or optional cash settlement (including partial cash settlement) in a manner that reflects the company's nonconvertible debt borrowing rate at time of issuance when interest cost is recognized in subsequent periods. This bifurcation results in a component of the convertible debt to be classified in equity and accretion of the resulting discount on the debt as part of interest expense reflected in the income statement. The guidance is effective for fiscal years beginning after December 15, 2008, which, for the Company, was January 1, 2009. As disclosed in Note L – "Long-Term Obligations," adoption of this guidance affected the reporting of the 4% Convertible Senior Subordinated Notes Due 2015 ("4% Convertible Notes") issued in June 2009.

9

In November 2008, the FASB ratified guidance related to equity method investment accounting which was later codified under ASC 323, "Investments – Equity Method and Joint Ventures." This guidance applies to all investments accounted for under the equity method. It states that an entity shall measure its equity investment initially at cost. Contingent consideration should only be included in the initial measurement of the equity method investment if it is required to be recognized by specific authoritative guidance other than that contained in business combinations guidance, ASC 805. However, if any equity method investment agreement involves a contingent consideration arrangement in which the fair value of the investor's share of the investee's net assets exceeds the investor's initial cost, a liability should be recognized. An equity method investor is required to recognize other-than-temporary impairments of an equity method investment and shall account for a share issuance by an investee as if the investor had sold a proportionate share of its investment. Any gain or loss to the investor resulting from an investee's share issuance shall be recognized in earnings. This guidance shall be effective for fiscal years beginning on or after December 15, 2008, which, for the Company, was January 1, 2009, and interim periods within those fiscal years, and shall be applied prospectively. Adoption of this equity method investment accounting guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In December 2008, the FASB issued guidance revising employers' disclosures about postretirement benefit plan assets which was later codified under ASC 715, "Compensation – Retirement Benefits." This guidance revised employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance requires additional disclosure on a benefit plan's investment allocation decision-making process, the fair value of each major category of plan assets, the valuation techniques used to measure fair value of the plan assets, and any significant concentrations of risk within plan assets. This guidance is effective for fiscal years ending after December 15, 2009, with early application permitted. The Company does not expect that this guidance will have a significant impact on the determination or reporting of its financial results.

In April 2009, the FASB issued guidance related to interim disclosures about the fair value of financial instruments later codified under ASC 825, "Financial Instruments." This guidance enhances consistency in financial reporting by increasing the frequency of fair value disclosures. It relates to fair value disclosures for any financial instruments that are not currently reflected on a company's balance sheet at fair value. Prior to the effective date, fair values for these assets and liabilities have only been disclosed once a year. This guidance will now require these disclosures on a quarterly basis, providing qualitative and quantitative information about fair value estimates for all those financial instruments not measured on the balance sheet at fair value. This guidance is effective for interim and annual periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In May 2009, the FASB issued guidance related to subsequent events, which was later codified under ASC 855, "Subsequent Events." This guidance was effective for interim or annual financial periods ending after June 15, 2009. This guidance establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It also requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all readers of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In June 2009, the FASB issued guidance to establish the FASB Accounting Standards Codification™ ("Codification"). The Codification will be the single source of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative generally accepted accounting principles for SEC registrants. All existing accounting standards are superseded as described in the guidance. All other accounting literature not included in the Codification is nonauthoritative. This statement is effective for interim and annual periods ending after September 15, 2009. The adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In June 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140" ("SFAS No. 166"), which has not yet been codified. SFAS No. 166 will require entities to provide more information about transfers of financial assets and a transferor's continuing involvement, if any, with transferred financial assets. It will also

require additional disclosures about the risks that a transferor continues to be exposed to because of its continuing involvement in transferred financial assets. SFAS No. 166 will eliminate the concept of a qualifying special-purpose entity and will change the requirements for de-recognition of financial assets. SFAS No. 166 will be effective for the Company in its interim and annual reporting periods beginning on and after January 1, 2010. Earlier application is prohibited. Pending codification, the Company is evaluating the adoption of SFAS No. 166, but does not expect that it will have a significant impact on the determination or reporting of its financial results.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS No. 167"), which has not yet been codified. This guidance amends the consolidation guidance applicable to variable interest entities. It replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative and requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity. SFAS No. 167 also requires additional disclosures about an enterprise's involvement in variable interest entities. Pending codification, SFAS No. 167 will be effective for the Company in its interim and annual reporting periods beginning on and after January 1, 2010. Earlier application is prohibited. The Company is currently evaluating the impact that the adoption of SFAS No. 167 will have on the determination or reporting of its financial results.

In August 2009, the FASB issued Accounting Standards Update 2009-05, "Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value", which provides clarification that when a quoted price in an active market for the identical liability is not available, fair value is required to be measured using one or more valuation techniques. These valuations may use techniques such as the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities when traded as assets, a present value technique or a technique based on the amount at the measurement date that would have to be paid to transfer the identical liability or would be received to enter into the identical liability. This update also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. This update also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements. The guidance provided in this update was effective for the Company on October 1, 2009. The Company is currently evaluating the impact that the adoption of this guidance will have on the determination or reporting of the Company's financial results.

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Multiple-Deliverable Revenue Arrangements." This guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how to allocate the consideration to each unit of accounting. In an arrangement with multiple deliverables, the delivered item(s) shall be considered a separate unit of accounting if: the delivered items have value to the customer on a stand-alone basis. Items have value on a stand-alone basis if they are sold separately by any vendor or the customer could resell the delivered items on a stand-alone basis; and if the arrangement includes a general right of return relative to the delivered items, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

Arrangement consideration shall be allocated at the inception of the arrangement to all deliverables based on their relative selling price, except under certain circumstances such as items recorded at fair value and items not contingent upon the delivery of additional items or meeting other specified performance conditions. The selling price for each deliverable shall be determined using vendor specific objective evidence ("VSOE") of selling price, if it exists, otherwise third-party evidence ("TPE") of selling price. If neither VSOE nor TPE exists for a deliverable, the vendor shall use its best estimate of the selling price for that deliverable. This guidance eliminates the use of the residual value method for determining allocation of arrangement consideration; and allows the use of an entity's best estimate to determine the selling price if VSOE and TPE cannot be determined. It also requires additional disclosures such as the nature of the arrangement, certain provisions within the arrangement, significant factors used to determine selling prices and the timing of revenue recognition related to the arrangement. This guidance shall be effective for fiscal years beginning on or after June 15, 2010, with early adoption permitted. The Company is currently evaluating the impact that adoption of this guidance will have on the determination or reporting of its financial results.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on historical customer review. The Company reviews its allowance for doubtful accounts at least quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines that the receivable will not be recovered. Given current economic conditions, there can be no assurance that the Company's historical accounts receivable collection experience will be indicative of future results. The Company has off-balance sheet credit exposure related to guarantees provided to financial institutions as disclosed in Note N - "Litigation and Contingencies." Substantially all receivables were trade receivables at September 30, 2009 and December 31, 2008.

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

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

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

	Nine Months Ended *September 30, 2009*
Balance at beginning of period	$ 168.4
Accruals for warranties issued during the period	99.8
Acquisitions	24.2
Changes in estimates	0.8
Settlements during the period	(117.9)
Foreign exchange effect/other	5.9
Balance at end of period	$ 181.2

Subsequent Events. The Company assessed events occurring subsequent to September 30, 2009 through October 29, 2009 for potential recognition and disclosure in the condensed consolidated financial statements. The condensed consolidated financial statements were filed on October 29, 2009.

NOTE B - BUSINESS SEGMENT INFORMATION

Terex is a diversified global manufacturer of capital equipment with a mission to deliver value-added offerings that meet or exceed the Company's customers' current and future needs. Terex manufactures a broad range of equipment for use in the construction, infrastructure, quarrying, recycling, mining, shipping, transportation, refining, utility and maintenance industries. The Company operates in four reportable segments: (i) Terex Aerial Work Platforms; (ii) Terex Construction; (iii) Terex Cranes; and (iv) Terex Materials Processing & Mining.

The Aerial Work Platforms segment designs, manufactures, markets and refurbishes aerial work platform equipment, telehandlers, power equipment, construction trailers and utility equipment. Construction, building maintenance, government and utility customers use these products to build and/or maintain large physical assets and structures, construct and maintain utility lines, trim trees and for other commercial operations. Additionally, the Company owns much of the North American distribution channel for its utility products group and operates a fleet of rental utility products in the United States and Canada.

The Construction segment designs, manufactures and markets heavy and compact construction equipment, asphalt and concrete equipment, landfill compactors and bridge inspection equipment. Construction, logging, mining, industrial and government customers use these products in construction and infrastructure projects, in coal, minerals, sand and gravel operations and to build roads. The Company acquired A.S.V., Inc. ("ASV") on February 26, 2008. The results of ASV are included in the Construction segment from its date of acquisition.

The Cranes segment designs, manufactures and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, truck-mounted cranes (boom trucks and loading cranes), straddle carriers, gantry cranes, mobile harbor cranes, ship to shore cranes and telescopic container stackers. These products are used primarily for construction, repair and maintenance of infrastructure, building and manufacturing facilities and to improve port productivity. The Company acquired the Port Equipment Business on July 23, 2009. The results of Terex Port Equipment are included in the Cranes segment from its date of acquisition.

The Materials Processing & Mining segment designs, manufactures and markets crushing and screening equipment, hydraulic mining excavators, highwall mining equipment, high capacity surface mining trucks, drilling equipment and other products. Construction, mining, quarrying and government customers use these products in construction and commodity mining.

The Company also assists customers in their rental, leasing and acquisition of its products through Terex Financial Services, Inc.

On January 1, 2009, the Company realigned certain operations in an effort to capture market synergies and streamline its cost structure. The Roadbuilding businesses, formerly part of the Company's Roadbuilding, Utility Products and Other ("RBUO") segment, are now consolidated within the Construction segment. The Utility Products businesses, formerly part of the RBUO segment, are now consolidated within the Aerial Work Platforms segment. Additionally, the Company's truck-mounted articulated hydraulic crane line of business produced in Delmenhorst and Vechta, Germany, formerly part of the Construction segment, is now consolidated within the Cranes segment. Certain other businesses that were included in the RBUO segment are now reported in Corporate and Other, which includes eliminations among the Company's segments, as well as general and corporate items that have not been allocated to business segments for the three and nine months ended September 30, 2009 and 2008. Business segment information is presented below (in millions), and prior period amounts have been retrospectively adjusted to conform to this presentation:

	Three Months Ended September 30,		*Nine Months Ended September 30,*	
	2009	*2008*	*2009*	*2008*
Net Sales				
Aerial Work Platforms	$ 200.5	$ 598.2	$ 638.9	$ 2,018.3
Construction	236.2	535.0	717.8	1,726.6
Cranes	454.6	736.9	1,407.0	2,219.6
Materials Processing & Mining	338.8	662.0	1,128.5	1,907.8
Eliminations/Corporate	(4.0)	(17.5)	(43.3)	(59.1)
Total	$ 1,226.1	$ 2,514.6	$ 3,848.9	$ 7,813.2
(Loss) Income from Operations				
Aerial Work Platforms	$ (50.1)	$ 24.2	$ (123.9)	$ 264.3
Construction	(59.8)	(23.7)	(223.1)	3.8
Cranes	12.1	85.6	57.5	295.5
Materials Processing & Mining	5.4	91.4	63.9	270.7
Eliminations/Corporate	(2.1)	(10.3)	(27.1)	(39.9)
Total	$ (94.5)	$ 167.2	$ (252.7)	$ 794.4

	September 30,	*December 31,*
	2009	*2008*
Identifiable Assets		
Aerial Work Platforms	$ 706.4	$ 889.5
Construction	1,275.1	1,480.7
Cranes	2,355.9	1,769.2
Materials Processing & Mining	2,181.6	2,204.6
Eliminations/Corporate	(611.3)	(898.6)
Total	$ 5,907.7	$ 5,445.4

NOTE C - INCOME TAXES

During the three months ended September 30, 2009, the Company recognized an income tax benefit of $24.5 million on a loss of $126.9 million, an effective tax rate of 19.3%, as compared to income tax expense of $44.9 million on income of $139.4 million, an effective tax rate of 32.2%, for the three months ended September 30, 2008. The lower tax rate for the three months ended September 30, 2009 was primarily due to the impact of the Port Equipment Business acquisition and related acquisition expenses for which no tax benefit was recognized, and changes in the provision for uncertain tax positions.

During the nine months ended September 30, 2009, the Company recognized an income tax benefit of $79.3 million on a loss of $333.9 million, an effective tax rate of 23.7%, as compared to income tax expense of $244.9 million on income of $740.7 million, an effective tax rate of 33.1%, for the nine months ended September 30, 2008. The lower tax rate for the nine months ended September 30, 2009 was primarily due to the impact of the Port Equipment Business acquisition and related acquisition expenses for which no tax benefit was recognized, the tax treatment of the SEC settlement charges and changes in the provision for uncertain tax positions.

As earnings decrease in profitable periods, the items that affect income tax expense have a more significant impact on the effective tax rate. When the results are losses instead of profits, the effect of items on the tax rate have an opposite impact.

The Company conducts business globally and, as a result, the Company and its subsidiaries file income tax returns in U.S. federal, state and foreign jurisdictions, as required. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Germany, Italy, the United Kingdom and the U.S. Various Terex entities are currently under audit in Germany, the United Kingdom, the U.S. and elsewhere. It is reasonably possible that changes to the Company's unrecognized tax benefits could be significant in the next twelve months due to potential tax audit settlements in these jurisdictions. As a result of uncertainties regarding the timing of the completion of the tax audits and their possible outcomes, an estimate of the range of increase or decrease that could occur in the next twelve months and their impact on income tax expense cannot be made.

With few exceptions, including net operating loss carryforwards in the U.S. and Australia, the Company and its subsidiaries are generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 1999.

The Company evaluates the realizability of its deferred tax assets each reporting period. The Company must consider all available evidence, both positive and negative, in evaluating the future realizability of its deferred tax assets, including tax loss carryforwards. Realization requires sufficient taxable income to utilize deferred tax assets. The Company records a valuation allowance for each deferred tax asset for which realization is assessed as not more likely than not. The Company's assessment that deferred tax assets will be realized is based on estimates of future taxable income and is not assured. This assessment could change, however, if estimates of future taxable income are reduced. During the three and nine months ended September 30, 2009, there was no significant change in the Company's assessment of the realizability of its deferred tax assets.

NOTE D - EARNINGS PER SHARE

	Three Months Ended September 30, (in millions, except per share data)		*Nine Months Ended September 30, (in millions, except per share data)*	
	2009	*2008*	*2009*	*2008*
Net (loss) income attributable to Terex Corporation common stockholders	$ (103.1)	$ 93.8	$ (255.6)	$ 493.4
Basic Shares:				
Weighted average shares outstanding	108.1	96.1	100.7	99.2
(Loss) earnings per share - basic:	$ (0.95)	$ 0.98	$ (2.54)	$ 4.97
Diluted shares:				
Weighted average shares outstanding	108.1	96.1	100.7	99.2
Effect of dilutive securities:				
Stock options and restricted stock awards	-	2.0	-	1.8
Diluted weighted average shares outstanding	108.1	98.1	100.7	101.0
(Loss) earnings per share - diluted:	$ (0.95)	$ 0.96	$ (2.54)	$ 4.89

14

Weighted average restricted stock awards of 1.1 million and 1.3 million were outstanding during the three months ended September 30, 2009 and 2008, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive. Weighted average restricted stock awards of 919 thousand and 240 thousand were outstanding during the nine months ended September 30, 2009 and 2008, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive. Weighted average options to purchase 769 thousand and 241 thousand shares of the Company's common stock, par value $.01 per share ("Common Stock") were outstanding during the three months ended September 30, 2009 and 2008, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive. Weighted average options to purchase 773 thousand and 28 thousand shares of Common Stock were outstanding during the nine months ended September 30, 2009 and 2008, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive. Employee stock options and non-vested restricted shares granted by the Company are required to be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Notes described in Note L – "Long-Term Obligations," are dilutive to the extent that the volume-weighted average price of the Common Stock from the date of issuance of the 4% Convertible Notes during the three and nine months ended September 30, 2009 was greater than $16.25 per share. The number of shares that were contingently issuable for the 4% Convertible Notes during the three and nine months ended September 30, 2009 was 1.2 million and 517 thousand, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive.

NOTE E - INVENTORIES

Inventories consist of the following (in millions):

	September 30, 2009	*December 31, 2008*
Finished equipment	$ 528.1	$ 673.8
Replacement parts	394.0	395.3
Work-in-process	477.6	435.2
Raw materials and supplies	618.8	730.5
Inventories	$ 2,018.5	$ 2,234.8

Reserves for lower of cost or market value, excess and obsolete inventory were $162.2 million and $121.0 million at September 30, 2009 and December 31, 2008, respectively.

NOTE F - PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2009	*December 31, 2008*

Property	$ 76.8	$ 54.3
Plant	389.6	211.8
Equipment	608.5	522.6
	1,074.9	788.7
Less: Accumulated depreciation	(369.3)	(307.2)
Property, plant and equipment - net	$ 705.6	$ 481.5

15

NOTE G - ACQUISITIONS

2009 Acquisitions

On July 23, 2009, the Company acquired the Port Equipment Business from Fantuzzi Industries S.a.r.l for approximately $126 million, comprised of approximately $71 million of public indebtedness, approximately $45 million of net payables assumed from the seller and approximately $10 million of net cash payments, which included approximately $69 million of cash that the Port Equipment Business had on the date of acquisition Financial arrangements were made with existing financial creditors of the Port Equipment Business to provide the Company with long-term financing on favorable terms for substantially the entire acquisition price. The results of the Port Equipment Business are included in the Cranes segment from the date of acquisition. Terex Port Equipment designs, manufactures and services port equipment with manufacturing facilities in Italy, Germany and China, as well as sales and service branches around the world. This acquisition helps diversify the Company's Cranes business, and expands the product offering of Terex Cranes to the container transport industry beyond its current stacker product line.

Although the acquisition of Terex Port Equipment was not material to the Condensed Consolidated Statement of Income of the Company, given the relative significance of the total assets and liabilities acquired, the following table provides information summarizing the preliminary fair values of the assets acquired and liabilities assumed at July 23, 2009, the date of acquisition (in millions):

At July 23, 2009:

Current assets	$	334.1
Property, plant and equipment		207.3
Intangible assets		