MANITOWOC CO INC
Form 10-K
February 29, 2008

UNITED STATES
SECURITIES AND EXCHANG COMMISSION

Washington, D.C. 20549

FORM 10-K

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**
(State or other jurisdiction	(I.R.S. Employer

of incorporation)	Identification Number)
2400 South 44th Street, Manitowoc, Wisconsin	**54221-0066**
(Address of principal executive offices)	(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	**Name of each exchange on which registered**
Common Stock, $.01 Par Value	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 x No o

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 o No x

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 x No o

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. o

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 x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	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

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.

See Index to Exhibits immediately following the signature page of this report, which is incorporated herein by reference.

PART I

Item 1. Business

GENERAL

Founded in 1902, we are a diversified industrial manufacturer in three principal markets: Cranes and Related Products (Crane); Foodservice Equipment (Foodservice) and Marine. We have over a 100-year tradition of providing high-quality, customer-focused products and support services to our markets worldwide. For the year ended December 31, 2007 we had net sales of approximately $4.0 billion.

Our Crane business is a global provider of engineered lift solutions, offering one of the broadest lines of lifting equipment in our industry. We design, manufacture, market, and support a comprehensive line of crawler cranes, mobile telescopic cranes, tower cranes, and boom trucks. Our Crane products are marketed under the Manitowoc, Grove, Potain, National, and Crane CARE 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.

On July 19, 2007, we acquired Shirke Construction Equipments Pvt. Ltd (Shirke). 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. On January 3, 2007, we 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.

Our Foodservice business is a leading broad-line manufacturer of cold side commercial foodservice products. We design, manufacture and market 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. Our Foodservice products are marketed under the Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann s, Koolaire, Flomatic, Kyees, RDI, and other brand names.

Our Marine segment provides new construction (commercial/government), ship repair and maintenance services for freshwater and saltwater vessels from two shipyards and one top-side repair yard on the U.S. Great Lakes. Our Marine segment serves the Great Lakes maritime market consisting of U.S. and Canadian fleets, inland waterway operators, and ocean going vessels that transit the Great Lakes and St. Lawrence Seaways.

Our principal executive offices are located at 2400 South 44th Street, Manitowoc, Wisconsin 54220.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

The following is financial information about the Crane, Foodservice and Marine segments for the years ended December 31, 2007, 2006 and 2005. The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, 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. Restructuring costs separately identified in the Consolidated Statements of Operations are included as reductions to the respective segment s operating earnings for each year below. Amounts are shown in millions of dollars.

	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

PRODUCTS AND SERVICES

We sell our products categorized in the following business segments:

Business Segment	Percentage of 2007 Net Sales	Key Products	Key Brands
Cranes and Related Products	81%	Lattice-boom Cranes: which include crawler and truck mounted lattice-boom cranes, and crawler crane attachments; Tower Cranes: which include top slewing luffing jib, topless, and self-erecting tower cranes; Mobile Telescopic Cranes: including rough terrain, all-terrain, truck mounted and industrial cranes; Boom Trucks: which include telescopic and articulated boom trucks; Parts and Service: which include replacement parts, product services, crane rebuilding and remanufacturing services.	Manitowoc Potain Grove National Crane CARE
Foodservice Equipment	11%	Ice-cube machines, ice flakers, and storage bins; ice/beverage dispensers; long-draw soft-drink and beer dispensing systems; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated under-counters and food prep tables; post-mix beverage dispensing valves; cast aluminum cold plates; carbonator tanks; compressor racks and modular refrigeration systems; backroom beverage equipment distribution	Manitowoc Ser Vend Multiplex Kolpak Harford-Duracool McCall McCann s Koolaire Flomatic Kyees RDI
Marine	8%	New construction services for commercial, government, and military vessels of all varieties, including research vessels, ice breakers, ferries, patrol boats, self-unloading bulk carriers, double-hull tank barges, articulated tug/barges (AT/B units) and dredges; military vessels; inspection, maintenance and repair of freshwater and saltwater vessels.	

Cranes and Related Products

Our Crane segment designs, manufactures and distributes a diversified line of crawler and truck mounted lattice-boom cranes, which we sell under the Manitowoc name. Our Crane segment also designs and manufactures a diversified line of top slewing and self erecting tower cranes, which we sell under the Potain name. We design and manufacture mobile telescopic cranes which we sell under the Grove name and design and manufacture a comprehensive line of hydraulically powered telescopic and articulated boom trucks, which we sell under the National Crane brand name. We also provide crane product parts and services, and crane rebuilding and remanufacturing services which are delivered under the Crane CARE brand name. In some cases our products are manufactured for us or distributed for us under strategic alliances. Our crane products are used in a wide variety of applications throughout the world, including energy and utilities, petrochemical and industrial projects, infrastructure development such as road, bridge and airport construction, commercial and high-rise residential construction, mining and dredging. Many of our customers purchase one or more crane(s) together with several attachments to permit use of the crane in a broader range of lifting applications and other operations. Our largest crane model combined with available options has a lifting capacity up to 1,433 U.S. tons.

Lattice-boom Cranes. Under the Manitowoc brand name we design, manufacture and distribute lattice-boom crawler cranes. Lattice-boom cranes consist of a lattice-boom, which is a fabricated, high-strength steel structure that has four chords and tubular lacings, mounted on a base which is either crawler or truck mounted. Lattice-boom cranes weigh less and provide higher lifting capacities than a telescopic boom of similar length. The lattice-boom cranes are the only category of crane that can pick and move simultaneously. The lattice-boom sections, together with the crane base, are transported to and erected at a project site.

We currently offer models of lattice-boom cranes with lifting capacities up to 1,433 U.S. tons, which are used to lift material and equipment in a wide variety of applications and end markets, including heavy construction, bridge and highway, duty cycle and infrastructure and energy related projects. These cranes are also used by the crane rental industry, which serves all of the above end markets.

Lattice-boom crawler cranes may be classified according to their lift capacity low capacity and high capacity. Low capacity crawler cranes with 150-U.S. ton capacity or less are often utilized for general construction and duty cycle applications. High capacity crawler cranes with greater than 150-ton capacity are utilized to lift materials in a wide variety of applications and are often utilized in heavy construction, energy-related, stadium construction, petrochemical work, and dockside applications. We offer six low-capacity models and eight high-capacity models.

We also offer our lattice-boom crawler crane customers various attachments that provide our cranes with greater capacity in terms of height, movement and lifting. Our principal attachments are: MAX-ER attachment, luffing jibs, and RINGER attachments. The MAX-ER is a trailing, counterweight, heavy-lift attachment that dramatically improves the reach, capacity and lift dynamics of the basic crane to which it is mounted. It can be transferred between cranes of the same model for maximum economy and occupies less space than competitive heavy-lift systems. A luffing jib is a fabricated structure similar to, but smaller than, a lattice-boom. Mounted at the tip of a lattice-boom, a luffing jib easily adjusts its angle of operation permitting one crane with a luffing jib to make lifts at additional locations on the project site. It can be transferred between cranes of the same model to maximize utilization. A RINGER attachment is a high-capacity lift attachment that distributes load reactions over a large area to minimize ground-bearing pressure. It can also be more economical than transporting and setting up a larger crane.

Tower Cranes. Under the Potain brand name we design and manufacture tower cranes utilized primarily in the building and construction industry. Tower cranes offer the ability to lift and distribute material at the point of use more quickly and accurately than other types of lifting machinery without utilizing substantial square footage on the ground. Tower cranes include a stationary vertical tower and a horizontal jib with a counterweight, which is placed near the vertical tower. A cable runs through a trolley which is on the jib, enabling the load to move along the jib. The jib rotates 360 degrees, thus increasing the crane s work area. Unless using a remote control device, operators occupy a cabin, located where the jib and tower meet, which provides superior visibility above the worksite. We offer a complete line of tower crane products, including top slewing, luffing jib, topless, self-erecting, and special cranes for dams, harbors and other large building projects. Top slewing cranes are the most traditional form of tower cranes. Self-erecting cranes are bottom slewing cranes which have counterweight located at the bottom of the tower and are able to be erected, used and dismantled on job sites without assist cranes.

Top slewing tower cranes have a tower and multi-sectioned horizontal jib. These cranes rotate from the top of their mast and can increase in height with the project. Top slewing cranes are transported in separate pieces and assembled at the construction site in one to three days depending on the height. We offer 37 models of top slewing tower cranes with maximum jib lengths of 85 meters and lifting capabilities ranging between 40 and 3,600 meter-tons. These cranes are generally sold to medium to large building and construction groups, as well as rental companies.

Topless tower cranes are a type of top slewing crane and, unlike all others, have no cathead or jib tie-bars on the top of the mast. The cranes are utilized primarily when overhead height is constrained or in situations where several cranes are installed close together. We currently offer 7 models of topless tower cranes with maximum jib lengths of 75 meters and lifting capabilities ranging between 90 and 300 meter-tons.

Luffing jib tower cranes, which are a type of top slewing crane, have an angled rather than horizontal jib. Unlike other tower cranes which have a trolley that controls the lateral movement of the load, luffing jib cranes move their load by changing the angle of the jib. The cranes are utilized primarily in urban areas where space is constrained or in situations where several cranes are installed close together. We currently offer 7 models of luffing jib tower cranes with maximum jib lengths of 60 meters and lifting capabilities ranging between 90 and 600 meter-tons.

Self-erecting tower cranes are mounted on axles or transported on a trailer. The lower segment of the range (Igo cranes up to Igo36) unfolds in four sections, two for the tower and two for the jib. The smallest of our models unfolds in less than 8 minutes; larger models erect in a few hours. Self erecting cranes rotate from the bottom of their mast. We offer 25 models of self erecting cranes with maximum jib lengths of 50 meters and lifting capacities ranging between 10 and 120 meter-tons which are utilized primarily in low to medium rise construction and residential applications.

Mobile Telescopic Cranes. Under the Grove brand name we design and manufacture 35 models of mobile telescopic cranes utilized primarily in industrial, commercial and construction applications, as well as in maintenance applications to lift and move material at job sites. Mobile telescopic cranes consist of a telescopic boom mounted on a wheeled carrier. Mobile telescopic cranes are similar to lattice-boom cranes in that they are designed to lift heavy loads using a mobile carrier as a platform, enabling the crane to move on and around a job site without typically having to re-erect the crane for each particular job. Additionally, many mobile telescopic cranes have the ability to drive between sites, and some are permitted on public roadways. We currently offer the following four types of mobile telescopic cranes capable of reaching tip heights of 427 feet with lifting capacities up to 550 tons: (i) rough terrain, (ii) all-terrain, (iii) truck mounted, and (iv) industrial.

Rough terrain cranes are designed to lift materials and equipment on rough or uneven terrain. These cranes cannot be driven on public roadways, and, accordingly, must be transported by truck to a work site. We produce, under the Grove brand name, 10 models of rough terrain cranes capable of tip heights of up to 279 feet and maximum load capacities of up to 130 U.S. tons.

All-terrain cranes are versatile cranes designed to lift materials and equipment on rough or uneven terrain and yet are highly maneuverable and capable of highway speeds. We produce, under the Grove brand name, 14 models of all-terrain cranes capable of tip heights of up to 427 feet and maximum load capacities of up to 550 tons.

Truck mounted cranes are designed to provide simple set-up and long reach high capacity booms and are capable of traveling from site to site at highway speeds. These cranes are suitable for urban and suburban uses. We produce, under the Grove brand name, 4 models of truck mounted cranes capable of tip heights of up to 237 feet and maximum load capacities of up to 90 U.S. tons.

Industrial cranes are designed primarily for plant maintenance, storage yard and material handling jobs. We distribute, under the Grove brand name, 8 models of industrial cranes capable of tip heights of up to 92 feet and maximum load capacities of up to 22 tons.

High Reach Telescopic Hydraulic Cranes. We launched a new crane concept in 2007 for heavy lifts that require a high reach, but with minimal ground space and greatly reduced erection time. The GTK 1100 is a high reach telescopic hydraulic crane that can lift a 77 ton load up to 394 feet, only requires about six hours to erect and is based on a combination of mobile crane and tower crane technology.

Boom Trucks. We offer our hydraulic and articulated boom truck products under the National Crane product line. A boom truck is a hydraulically powered telescopic crane or articulated crane mounted on a truck chassis. Telescopic boom trucks are used primarily for lifting material on a job site, while articulated boom trucks are utilized primarily to load and unload truck beds at a job site. We currently offer, under the National Crane brand name 15 models of telescoping cranes and 8 models of articulating cranes. The largest capacity cranes of these types are capable of reaching maximum heights of 176 feet and have lifting capacity up to 40 U.S. tons.

Backlog. The year-end backlog of crane products includes accepted orders that have been placed on a production schedule that we expect to be shipped and billed during the next year. Manitowoc s backlog of unfilled orders for the Crane segment at December 31, 2007 was $2,877.2 million, as compared with $1,534.3 million at December 31, 2006.

Foodservice Equipment

Our Foodservice segment designs, manufactures and markets ice-cube and flaker machines and storage bins; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated undercounter and food preparation tables; ice/beverage dispensers; post-mix beverage dispensing valves; cast aluminum cold plates; carbonator tanks; long-draw beer dispensing systems; compressor racks and modular refrigeration systems; and backroom beverage equipment distribution services. Products are sold under the brand names

Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann s, Koolaire, Flomatic, Kyees, RDI, and other brand names.

Ice-Cube Machines, Ice Flaker Machines and Storage Bins. Ice machines are classified as either self-contained or modular machines and can be further classified by size, capacity and the type of ice they produce. There are two basic types of ice made by ice machines: cubes and flakes. Machines that make ice cubes, the most popular type of machine, are used by the foodservice industry for drinks, ice displays and salad bars. Flake ice is used to a great extent in processing applications, such as keeping meats and seafood fresh, as well as in medical facilities for use in ice packs.

We manufacture 26 models of ice machines under the Manitowoc brand name, serving the foodservice, convenience store, healthcare, restaurant and lodging markets. Our ice machines make ice in cube and flake form, and range in daily production capacities from 45 to over 2000 pounds. The ice-cube machines are either self-contained units, which make and store ice, or modular units, which make, but do not store ice. We offer the world s only commercial ice making machines with patented cleaning and sanitizing technology. This feature eliminates the downtime and labor costs associated with periodic cleaning of the water distribution system. All units feature patented technology with environmentally friendly hydrofluorocarbon refrigerants and foam insulation. We also manufacture the patented QuietQube ice-cube machines, which feature CVD, or cool vapor defrost, technology, operate heat-free, are 75% quieter than non-CVD units and produce more ice in a smaller footprint. These QuietQube machines are ideally suited for use in new restaurants, which often feature more open designs, and for use with the self-service beverage systems increasingly found in quick service restaurants and convenience stores. Our ice machines are sold throughout North America, Europe and Asia.

Walk-in Refrigerators and Freezers. We manufacture under the brand names Kolpak and Harford-Duracool. Products include modular and fully assembled walk-in refrigerators, coolers and freezers for restaurants, institutions, commissaries and convenience stores. Walk-in refrigerators and freezers are large, insulated storage spaces fitted with refrigeration systems. Most walk-ins are custom-made from modular insulated panels constructed with steel or aluminum exteriors and foamed-in-place urethane insulation. Refrigerator/blower units are installed in order to maintain an even temperature throughout the refrigerated space. Walk-ins come in many models with various types of doors, interior shelving, and viewing windows. We also produce a complete line of express or pre-assembled walk-ins.

Reach-in Refrigerators and Freezers. Reach-in refrigerators and freezers are typically constructed from stainless steel and have a thick layer of insulation in the walls, doors and floor. The cabinets have one to three doors, made of either glass or steel, and come in a variety of sizes with storage capabilities up to 72 cubic feet. Although reach-ins resemble household refrigerators, commercial versions utilize few plastic parts, incorporate larger compressor units and do not usually combine refrigerator and freezer compartments in the same unit. These design features stem from the heavy duty usage needs of most reach-ins by customers. For example, in contrast to the typical household refrigerator, commercial reach-ins may be opened and closed hundreds of times per day, placing mechanical strain on the structure and greatly increasing the cooling load on the refrigeration system. We market these products under our McCall, Kolpak, and Koolaire brand names. We offer over 100 self-contained upright and under-counter refrigeration equipment units, including a full line of reach-ins and refrigerated food preparation equipment for restaurants, institutions and commissaries. We also manufacture custom-built units for select national chain restaurants.

Beverage Dispensers and Other Products. We produce beverage dispensers, ice/beverage dispensers, post-mix dispensing valves and cast aluminum cold plates and related equipment for use by quick service restaurants, convenience stores, bottling operations, movie theaters, and the soft-drink industry. Ice/beverage dispensers include traditional combination ice/beverage dispensers, drop-in dispensers and electric countertop units. Dispensing systems are manufactured for the dispensing of soda, juice, water, beer and other specialty drinks. Soda systems include remote systems that produce cold carbonated water and chill incoming water and syrup prior to delivery to dispensing towers. Beer systems offer technically

advanced remote beer delivery systems which are superior by design, allow increased yields, provide better under-bar space utilization and allow multiple stations to operate from one central unit.

We are also a systems integrator with nationwide distribution of beverage dispensing and backroom equipment and support system components. MBS serves the needs of major beverage and bottler customers, restaurants, convenience stores and other outlets and provides our customers with one point of contact for their beverage dispenser and backroom equipment needs. It operates throughout the United States, with distribution facilities in California and Virginia.

Our subsidiary McCann s Engineering & Mfg. Co. (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.

Backlog. The backlog for unfilled orders for our Foodservice segment at December 31, 2007 and 2006 was not significant because orders are generally filled within 24 to 48 hours.

Marine

We operate two shipyards located in Marinette, Wisconsin and Sturgeon Bay, Wisconsin; and one top-side repair yard located in Cleveland, Ohio.

Marinette, Wisconsin. Marinette Marine Corporation (Marinette) was founded along the Menominee River in Marinette, Wisconsin in 1942 to meet America s growing need for naval construction. Since its first contract to build five wooden barges, Marinette has built more than 1,300 vessels. Marinette is a full service shipyard with in-house capabilities to design and construct the most complex military and commercial vessels. The Marinette facility has 300,000 square feet of heated indoor production area, 53,000 square feet of secure indoor warehouse and receiving area, a 4,500 long ton certified ship launch ways and a 1,600 ton ship transport system. These features of the Marinette facility allow the vessels to be constructed and outfitted completely indoors. When ready for launching, they are moved outdoors. Typically, vessels are significantly material and labor complete when launched which allows for high quality of finished product and greater manufacturing efficiency.

Sturgeon Bay, Wisconsin. Located in Sturgeon Bay, Wisconsin, Bay Shipbuilding Co. (Sturgeon Bay) is an industry leader in the construction of Oil Pollution Act (OPA) 90 double-hulled tank vessels, articulated tug and barge (AT/B) units, dredges, and dredging support equipment, along with bulk cargo self unloading solutions. This shipyard specializes in large ship construction projects and repair work. Our Sturgeon Bay shipyard consists of approximately 55 acres of waterfront property, approximately 295,000 square feet of enclosed manufacturing and office space, a 140-foot by 1,158-foot graving dock, a 250-foot graving dock, and a 600-foot, 7,000-ton, floating dry-dock.

Cleveland, Ohio. Cleveland Shiprepair Company specializes in all types of voyage and topside marine repair.

Backlog. The year-end backlog for our Marine segment includes new project work to be completed over a series of years and repair and maintenance work presently scheduled which will be completed in the next year. At December 31, 2007, the backlog for our Marine segment approximated $333.1 million, compared to $421.6 million one year ago. The backlog is primarily made up of new vessel construction projects and does not include options for additional vessels, yet to be awarded.

Raw Materials and Supplies

The primary raw materials that we use are structural and rolled steel, aluminum, and copper, which is purchased from various domestic and international sources. We also purchase engines and electrical equipment and other semi- and fully-processed materials. Our policy is to maintain, wherever possible, alternate sources of supply for our important materials and parts. We maintain inventories of steel and other purchased material. We have been successful in our goal to maintain alternative sources of raw materials and supplies, and therefore are not dependent on a single source for any particular raw material or supply.

Patents, Trademarks, and Licenses

We hold numerous patents pertaining to our crane and foodservice products, and have presently pending applications for additional patents in the United States and foreign countries. In addition, we have various registered and unregistered trademarks and licenses that are of material importance to our business and believe our ownership of this intellectual property is adequately protected in customary fashions under applicable law. No single patent, trademark or license is critical to our overall business.

Seasonality

Typically, the second and third quarters represent our best quarters for our consolidated financial results. In our Crane segment, summer represents the main construction season. Customers require new machines, parts, and service during that season. Since the summer brings warmer weather, there is also an increase in the use and replacement of ice machines, as well as new construction and remodeling within the foodservice industry. As a result, distributors build inventories during the second quarter for the increased demand. More recently, due to the strengthening end markets for our Crane segment, the traditional seasonality has been slightly muted due to strong cyclical demand, as well as more diversified product and geographic end markets. In our Marine segment, the Great Lakes shipping industry s sailing season is normally April through December. Thus, barring any emergency groundings, the majority of repair and maintenance work is performed during the winter months and the work is typically completed during the first and second quarter of the year. As a result our overall increase in new construction project work in our Marine segment, the seasonality of our traditional repair and maintenance work is less extreme as new construction projects are performed throughout the year.

Competition

We sell all of our products in highly competitive industries. We compete in each of our industries based on product design, quality of products and aftermarket support services, product performance, maintenance costs, and price. Some of our competitors may have greater financial, marketing, manufacturing or distribution resources than we do. We believe that we benefit from the following competitive advantages: a strong brand name, a reputation for quality products and aftermarket support services, an established network of global distributors and customer relationships, broad product line offerings in the markets we serve, and a commitment to engineering design and product innovation. However, we cannot be certain that our products and services will continue to compete successfully or that we will be able to retain our customer base or improve or maintain our profit margins on sales to our customers. The following table sets forth our primary competitors in each of our business segments:

Business Segment	Products	Primary Competitors
Cranes and Related Products	Lattice-boom Crawler Cranes	Hitachi Sumitomo; Kobelco; Liebherr; Sumitomo/Link-Belt; Terex; XCMG; Fushun; Zoomlion; and Sany
	Tower Cranes	Comensa; Terex Comedil/Peiner; Liebherr; FM Gru; Jaso; Raimondi; Viccario; Saez; Benezzato; Cattaneo; Sichuan Construction Machinery; Shenyang; Zoomlion; Jianglu; and Yongmao

	Mobile Telescopic Cranes	Liebherr; Link-Belt; Terex; Changjiang; Tadano; XCMG; Kato; and Zoomlion
	Boom Trucks	Terex; Manitex; Altec; Elliott; Tadano; Fassi; Palfinger; Furukawa; and Hiab
Foodservice Equipment	Ice Machines	Hoshizaki; Scotsman; Follet; Ice-O-Matic; Brema; Aucma; and Voght
	Ice/Beverage Dispensers	Automatic Bar Controls; Celli; Cornelius; Enodis; Hoshizaki/Lancer Corporation; and Vin Service
	Walk-in Refrigerators/Freezers	American Panel; ICS; Nor-Lake; Master-Bilt; Thermo-Kool; W.A. Brown; Bally; and Arctic
	Reach-in Refrigerators/Freezers	Beverage Air; Delfield; Traulsen; True Foodservice; TurboAir; and Masterbilt
Marine	Ship Repair and Construction	Atlantic Marine; Bender Shipbuilding & Repair; Bollinger-Lockport & Larose; Fraser Shipyards; VT Halter Marine; and Port Weller Drydocks

Engineering, Research and Development

Our extensive engineering, research and development capabilities have been key drivers of our success. We engage in research and development activities at all of our significant manufacturing facilities. We have a staff of engineers and technicians on three continents who are responsible for improving existing products and developing new products. We incurred research and development expenditures of $36.1 million in 2007, $31.2 million in 2006 and $26.0 million in 2005.

Our team of engineers focuses on developing innovative, high performance, low maintenance products that are intended to create significant brand loyalty among customers. Design engineers work closely with our manufacturing and marketing staff, enabling us to identify changing end-user requirements, implement new technologies and effectively introduce product innovations. Close, carefully managed relationships with dealers, distributors and end users help us identify their needs, not only for products, but for the service and support that is critical to their profitable operations. As part of our ongoing commitment to provide superior products, we intend to continue our efforts to design products that meet evolving customer demands and reduce the period from product conception to product introduction.

Employee Relations

We employ approximately 10,460 persons and have labor agreements with 12 union locals in North America. In addition, a large majority of our European employees belong to European trade unions. There were no work stoppages during 2007, 2006 or 2005.

In 2007, a new 3-year labor contract was signed at our Marinette Marine facility. This contract will expire on March 7, 2010. At our Manitowoc Crane facility, a contract extension was signed in 2007 by the machinist union at the Manitowoc Crane facility. The contract extension expires on October 31, 2011.

Available Information

We make available, free of charge at our internet site (www.manitowoc.com), our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, our proxy statement and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Our SEC reports can be accessed through the investor relations section of our website. Although some documents available on our website are filed with the SEC, the information generally found on our website is not part of this or any other report we file with or furnish to the SEC.

The public may read and copy any materials that we file with the SEC at the SEC s Public Reference Room located at 100 F Street NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of our reports on its website at www.sec.gov.

Geographic Areas

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

Item 1A. Risk Factors

The following are risk factors identified by management that if any events contemplated by the following risks actually occur, then our business, financial condition or results of operations could be materially adversely affected.

Some of our business segments are cyclical or are otherwise sensitive to volatile or variable factors. A downturn or weakness in overall economic activity or fluctuations in those other factors can have a material adverse effect on us.

Historically, sales of products that we manufacture and sell have been subject to cyclical variations caused by changes in general economic conditions and other factors. In particular, the demand for our crane products is cyclical and is impacted by the strength of the economy generally, interest rates and other factors that may have an effect on the level of construction activity on an international, national or regional basis. During periods of expansion in construction activity, we generally have benefited from increased demand for our products. Conversely, during recessionary periods, we have been adversely affected by reduced demand for our products. In addition, the strength of the economy generally may affect the rates of expansion, consolidation, renovation and equipment replacement within the restaurant, lodging, convenience store and healthcare industries, which may affect the performance of our Foodservice segment. Furthermore, an economic recession may impact leveraged companies, as Manitowoc has been at times, more than competing companies with less leverage and may have a material adverse effect on our financial condition, results of operations and cash flows.

Products in our Crane and Marine segments depend in part on federal, state, local and foreign governmental spending and appropriations, including infrastructure, security and defense outlays. Reductions in governmental spending can affect demand for our products, which in turn can affect our performance.

Weather conditions can substantially affect our Foodservice segment, as relatively cool summer weather and cooler-than-normal weather in hot climates tend to decrease sales of ice and beverage dispensers. In addition, weather conditions can affect our Marine segment. A mild winter can keep the fleet sailing longer through the winter repair season thus deferring repair activity for Marine.

Our sales depend in part upon our customers replacement or repair cycles. Adverse economic conditions may cause customers to forego or postpone new purchases in favor of repairing existing machinery.

A substantial portion of our growth has come through acquisitions. We may not be able to identify or complete future acquisitions, which could adversely affect our future growth.

Our growth strategy historically has been based in part upon acquisitions. Our successful growth through acquisitions depends upon our ability to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms or otherwise complete acquisitions in the future. In addition, our level of indebtedness may increase in the future if we finance other acquisitions with debt. This would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Our future success depends on our ability to effectively integrate acquired companies and manage growth.

Our growth has placed, and will continue to place, significant demands on our management and operational and financial resources. We have made three significant acquisitions since November 2000. Future acquisitions will require integration of the acquired companies sales and marketing, distribution, manufacturing, engineering, purchasing, finance and administrative organizations. Experience has taught us that the successful integration of acquired businesses requires substantial attention from our senior management and the management of the acquired companies, which tends to reduce the time that they have to manage the ongoing business. While we believe we have successfully integrated our acquisitions to date, we cannot be assured that we will be able to integrate any future acquisitions successfully, that these acquired companies will operate profitably or that the intended beneficial effect from these acquisitions will be realized. Our financial condition, results of operations and cash flows could be materially and adversely affected if we do not successfully integrate any future companies that we may acquire or if we do not manage our growth effectively.

Because we participate in industries that are intensely competitive, our net sales and profits could decline as we respond to competition.

We sell most of our products in highly competitive industries. We compete in each of those industries based on product design, quality of products, quality and responsiveness of product support services, product performance, maintenance costs and price. Some of our competitors may have greater financial, marketing, manufacturing and distribution resources than we do. We cannot be certain that our products and services will continue to compete successfully with those of our competitors or that we will be able to retain our customer base or improve or maintain our profit margins on sales to our customers, all of which could materially and adversely affect our financial condition, results of operations and cash flows.

If we fail to develop new and innovative products or if customers in our markets do not accept them, our results would be negatively affected.

Our products, especially those in the Crane and Foodservice segments, must be kept current to meet our customers needs. To remain competitive, we therefore must develop new and innovative products on an on-going basis. If we fail to make innovations, or the market does not accept our new products, our sales and results would suffer.

We invest significantly in the research and development of new products. These expenditures do not always result in products that will be accepted by the market. To the extent they do not, whether as a function of the product or the business cycle, we will have increased expenses without significant sales to benefit us. Failure to develop successful new products may also cause potential customers to choose to purchase used cranes or other equipment, or competitors   products, rather than invest in new products manufactured by us. In our Marine segment, we must sometimes perform engineering services either at no cost or for limited margins, or build prototypes for little or no margin, in competing for contracts without any assurance that we will be awarded a contract for production models which would allow us to achieve an appropriate return on our investment.

Price increases in some materials and sources of supply could affect our profitability.

We use large amounts of steel, stainless steel, aluminum, copper and electronic controls among other items in the manufacture of our products. Recently, market prices of some of our key raw materials have increased significantly. In particular, we have experienced significant increases in steel, aluminum, foam, and copper prices in recent periods, which have increased our expenses. If we are not able to reduce product cost in other areas or pass future raw material price increases on to our customers, our margins could be adversely affected. In addition, because we maintain limited raw material and component inventories, even brief unanticipated delays in delivery by suppliers including those due to capacity constraints, labor disputes, impaired financial condition of suppliers, weather emergencies or other natural disasters may impair our ability to satisfy our customers and could adversely affect our financial performance.

We increasingly manufacture and sell our products outside of the United States, which may present additional risks to our business.

For the years ended December 31, 2007, 2006, and 2005, approximately 51.3%, 47.8% and 46.8%, respectively, of our net sales were attributable to products sold outside of the United States. Expanding international sales is part of our growth strategy. We have several manufacturing facilities located in Europe and Asia and during 2007 constructed two new facilities in Europe and in 2005 constructed two new facilities in Asia. International operations generally are subject to various risks, including political, military, religious and economic instability, local labor market conditions, the imposition of foreign tariffs, the impact of foreign government regulations, the effects of income and withholding tax, governmental expropriation, and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international manufacturing and the transfer to the new facilities and sales that could cause loss of revenue. Unfavorable changes in the political, regulatory and business climate and currency devaluations of various foreign jurisdictions could have a material adverse effect on our financial condition, results of operations and cash flows.

We depend on our key personnel and the loss of these personnel could have an adverse affect on our business.

Our success depends to a large extent upon the continued services of our key executives, managers and skilled personnel. Generally, these employees are not bound by employment or non-competition agreements, and we cannot assure you that we will be able to retain our key officers and employees. We could be seriously harmed by the loss of key personnel if it were to occur in the future.

Our operations and profitability could suffer if we experience labor relations problems.

We employ approximately 10,460 people and have labor agreements with 12 union locals in North America. In addition, a large majority of our European employees belong to European trade unions. These collective bargaining or similar agreements expire at various times in each of the next several years. We believe that we have satisfactory relations with our unions and, therefore, anticipate reaching new agreements on satisfactory terms as the existing agreements expire. However, we may not be able to reach new agreements without a work stoppage or strike and any new agreements that are reached may not be reached on terms satisfactory to us. A prolonged work stoppage or strike at any one of our manufacturing facilities could have a material adverse effect on our financial condition, results of operations and cash flows.

If we fail to protect our intellectual property rights or maintain our rights to use licensed intellectual property, our business could be adversely affected.

Our patents, trademarks and licenses are important in the operation of our businesses. Although we intend to protect our intellectual property rights vigorously, we cannot be certain that we will be successful in doing so. Third parties may assert or prosecute infringement claims against us in connection with the services and products that we offer, and we may or may not be able to successfully defend these claims. Litigation, either to enforce our intellectual property rights or to defend against claimed infringement of the rights of others, could result in substantial costs and in a diversion of our resources. In addition, if a third party would prevail in an infringement claim against us, then we would likely need to obtain a license from the third party on commercial terms, which would likely increase our costs. Our failure to maintain or obtain necessary licenses or an adverse outcome in any litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on our financial condition, results of operations and cash flows.

Our results of operations may be negatively impacted by product liability lawsuits.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, sales and use of our products, especially our crane products. Certain of our businesses also have experienced claims relating to past asbestos exposure. Neither we nor our affiliates have to date incurred material costs related to these asbestos claims. We vigorously defend ourselves, however, a substantial increase in the number of claims that are made against us or the amounts of any judgments or settlements could, however, materially and adversely affect our reputation and our financial condition, results of operations and cash flows.

Some of our products are built under fixed-price agreements; cost overruns therefore can hurt our results.

Some of our work, particularly in the Marine segment, is done under agreements on a fixed-price basis. If we do not accurately estimate our costs, we may incur a loss under these contracts. Even if the agreements have provisions which allow reimbursement for cost overruns, we may not be able to recoup excess expenses.

Strategic divestitures could negatively affect our results.

We regularly review our business units and evaluate them against our core business strategies. As part of that process, we regularly consider the divestiture of non-core and non-strategic operations or facilities. Depending upon the circumstances and terms, the divestiture of a profitable operation or facility could negatively affect our earnings.

Environmental liabilities that may arise in the future could be material to us.

Our operations, facilities and properties are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials and wastes, the remediation of contamination, and otherwise relating to health, safety and the protection of the environment. As a result, we are involved from time to time in administrative or legal proceedings relating to environmental and health and safety matters, and have in the past and will continue to incur capital costs and other expenditures relating to such matters.

Based on current information, we believe that any costs we may incur relating to environmental matters will not be material, although we can give no assurances. We also cannot be certain that identification of presently unidentified environmental conditions, more vigorous enforcement by regulatory authorities, or other unanticipated events will not arise in the future and give rise to additional environmental liabilities, compliance costs and/or penalties which could be material. Further, environmental laws and regulations are constantly evolving and it is impossible to predict accurately the effect they may have upon our financial condition, results of operations or cash flows.

We are exposed to the risk of foreign currency fluctuations.

Some of our operations are or will be conducted by subsidiaries in foreign countries. The results of the operations and the financial position of these subsidiaries will be reported in the relevant foreign currencies and then translated into US dollars at the applicable exchange rates for inclusion in our consolidated financial statements, which are stated in US dollars. The exchange rates between many of these currencies and the US dollar have fluctuated significantly in recent years and may fluctuate significantly in the future. Such fluctuations may have a material effect on our results of operations and financial position and may significantly affect the comparability of our results between financial periods.

In addition, we incur currency transaction risk whenever one of our operating subsidiaries enters into a transaction using a different currency than its functional currency. We attempt to reduce currency transaction risk whenever one of our operating subsidiaries enters into a transaction using a different currency than its functional currency by:

- matching cash flows and payments in the same currency;
- direct foreign currency borrowing; and
- entering into foreign exchange contracts for hedging purposes.

However, we may not be able to hedge this risk completely or at an acceptable cost, which may adversely affect our results of operations, financial condition and cash flows in future periods.

Increased or unexpected product warranty claims could adversely affect us.

We provide our customers a warranty covering workmanship, and in some cases materials, on products we manufacture. Our 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 warranty, we may be obligated, at our expense, to correct any defect by repairing or replacing the defective product. Although we maintain warranty reserves in an amount based primarily on the number of units shipped and on historical and anticipated warranty claims, there can be no assurance that future warranty claims will follow historical patterns or that we can accurately anticipate the level of future warranty claims. An increase in the rate of warranty claims or the occurrence of unexpected warranty claims could materially and adversely affect our financial condition, results of operations and cash flows.

Some of our customers rely on financing with third parties to purchase our products, and we may incur expenses associated with our assistance to customers in securing third party financing.

We rely principally on sales of our products to generate cash from operations. A portion of our sales is financed by third-party finance companies on behalf of our customers. The availability of financing by third parties is affected by general economic conditions, the credit worthiness of our customers and the estimated residual value of our equipment. In certain transactions we provide residual value guarantees and buyback commitments to our customers or the third party financial institutions. Deterioration in the credit quality of our customers could negatively impact their ability to obtain the resources needed to make purchases of our equipment or their ability to obtain third-party financing. In addition, if the actual value of the equipment for which we have provided a residual value guaranty declines below the amount of our guaranty, we may incur additional costs, which may negatively impact our financial condition, results of operations and cash flows.

Our leverage may impair our operations and financial condition.

As of December 31, 2007, our total consolidated debt was $230.6 million. Although this level is significantly down from recent peaks, our debt could have important consequences, including increasing our vulnerability to general adverse economic and industry conditions; requiring a substantial portion of our cash flows from operations be used for the payment of interest rather than to fund working capital, capital expenditures, acquisitions and general corporate requirements; limiting our ability to obtain additional financing; and limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate.

The agreements governing our debt include covenants that restrict, among other things, our ability to incur additional debt; pay dividends on or repurchase our equity; make investments; and consolidate, merge or transfer all or substantially all of our assets. In addition, our senior credit facility requires us to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants may also require that we take action to reduce our debt or to act in a manner contrary to our business objectives. We cannot be certain that we will meet any future financial tests or that the lenders will waive any failure to meet those tests.

If we default under our debt agreements, our lenders could elect to declare all amounts outstanding under our debt agreements to be immediately due and payable and could proceed against any collateral securing the debt. Under those circumstances, in the absence of readily-available refinancing on favorable terms, we might elect or be compelled to enter bankruptcy proceedings, in which case our shareholders could lose the entire value of their investment in our common stock.

The company is in the process of implementing global ERP systems in its Foodservice and Crane segments.

The company is in the process of implementing a new global ERP system in its Foodservice segment and a separate global ERP system in the Crane segment. These systems will replace many of the company s existing operating and financial systems. Such implementations are a major undertaking both financially and from a management and personnel perspective. Should the systems not be implemented successfully and within budget or if the systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the company, including the ability of the company to report accurate and timely financial results.

Our inability to recover from natural or man made disaster could adversely affect out business.

Our business and financial results may be affected by certain events that we cannot anticipate or that are beyond our control, such as natural or man-made disasters, national emergencies, significant labor strikes, work stoppages, political unrest, war or terrorist activities that could curtail production at our facilities and cause delayed deliveries and canceled orders. In addition, we purchase components and raw materials and information technology and other services from numerous suppliers, and, even if our facilities are not directly affected by such events, we could be affected by interruptions at such suppliers. Such suppliers may be less likely than our own facilities to be able to quickly recover from such events and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. We cannot assure you that we will have insurance to adequately compensate us for any of these events.

Item 2. PROPERTIES OWNED

The following table outlines the principal facilities we own or lease as of December 31, 2007:

Facility Location	Type of Facility	Approximate Square Footage	Owned/Leased
Cranes and Related Products			
Europe/Asia			
Wilhelmshaven, Germany	Manufacturing/Office and Storage	410,000	Owned/Leased
Moulins, France	Manufacturing/Office	355,000	Owned/Leased
Charlieu, France	Manufacturing/Office	323,000	Owned/Leased
Presov, Slovak Republic	Manufacturing/Office	295,300	Owned
Zhangjiagang, China	Manufacturing	800,000	Owned
Fanzeres, Portugal	Manufacturing	183,000	Leased
Baltar, Portugal	Manufacturing	68,900	Owned
Pune, India	Manufacturing	190,000	Leased
La Clayette, France	Manufacturing/Office	161,000	Owned/Leased
Niella Tanaro, Italy	Manufacturing	262,467	Owned
Ecully, France	Office	85,000	Owned
Alfena, Portugal	Office	84,000	Owned
Langenfeld, Germany	Office/Storage and Field Testing	80,300	Leased
Osny, France	Office/Storage/Repair	43,000	Owned
Decines, France	Office/Storage	47,500	Leased
Vaux-en-Velin, France	Office/Workshop	17,000	Owned
Naia, Portugal	Manufacturing	17,000	Owned
Vitrolles, France	Office	16,000	Owned
Sunderland, United Kingdom	Office/Storage	14,000	Leased
Lusigny, France	Crane Testing Site	10,000	Owned
Baudemont, France	Office	8,000	Owned
Singapore	Office/Storage	49,000	Leased
Lisbon, Portugal	Office	6,500	Owned
Accra, Ghana	Office	4,265	Leased
Alger, Algeria	Office	278	Leased
Sydney, Australia	Office/Storage	43,000	Leased
Dubai	Office/Workshop	10,000	Leased
United States			
Shady Grove, Pennsylvania	Manufacturing/Office	1,214,300	Owned
Manitowoc, Wisconsin	Manufacturing/Office	472,000	Owned
Quincy, Pennsylvania	Manufacturing	36,000	Owned
Bauxite, Arkansas	Manufacturing/Office	22,000	Owned
Port Washington, Wisconsin	Manufacturing	49,000	Owned
Foodservice Equipment			
Europe/Asia			
Hangzhou, China	Manufacturing/Office	260,000	Owned/Leased
United States and Mexico			
Manitowoc, Wisconsin	Manufacturing/Office	376,000	Owned
Parsons, Tennessee (1)	Manufacturing	214,000	Owned
Sellersburg, Indiana	Manufacturing/Office	140,000	Owned
La Mirada, California	Manufacturing/Office	77,000	Leased
Aberdeen, Maryland	Manufacturing/Office	67,000	Owned
Los Angeles, California	Manufacturing/Office	90,000	Leased
Los Angeles, California	Manufacturing	29,000	Leased
Manitowoc, Wisconsin	Office	13,000	Leased
Tijuana, Mexico	Manufacturing	30,000	Leased
Marine			
Marinette, Wisconsin	Shipyard	450,000	Owned
Sturgeon Bay, Wisconsin	Shipyard	220,000	Owned/Leased
Cleveland, Ohio	Marine Repair and Storage	8,000	Leased

Corporate			
Manitowoc, Wisconsin	Office	34,000	Owned
Manitowoc, Wisconsin	Hanger Ground Lease	31,320	Leased

(1) There are three separate locations within Parsons, Tennessee.

In addition, we lease sales office and warehouse space for our Crane segment in Breda, The Netherlands; Begles, France; Lille, France; Nantes, France; Toulouse, France; Nice, France; Orleans, France; Persans, France; Parabiago, Italy; Meath, Ireland; Munich, Germany; Budapest, Hungary; Warsaw, Poland; Melbourne, Australia; Beijing, China; Xi an, China; Dubai, UAE; Makati City, Philippines; Seoul, Korea; Moscow, Russia; the Czech Republic; Manitowoc, Wisconsin; Shanghai, China; Monterrey, Mexico; Sao Paulo, Brazil; and Reno, Nevada. We lease office and warehouse space for our Foodservice segment in Salem, Virginia; Irwindale, California; and Ecully, France. We also own sales offices and warehouse facilities for our Crane segment in Northhampton, England, Dole, France and Rouen, France.

See Note 19 Leases to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information regarding leases.

Item 3. LEGAL PROCEEDINGS

Our global operations are governed by laws addressing the protection of the environment and employee safety and health. Under various circumstances, these laws impose civil and criminal penalties and fines, as well as injunctive and remedial relief, for noncompliance. They also may require remediation at sites where company related substances have been released into the environment.

We have expended substantial resources globally, both financial and managerial, to comply with the applicable laws and regulations, and to protect the environment and our workers. We believe we are in substantial compliance with such laws and regulations and we maintain procedures designed to foster and ensure compliance. However, we have been and may in the future be subject to formal or informal enforcement actions or proceedings regarding noncompliance with such laws or regulations, whether or not determined to be ultimately responsible in the normal course of business. Historically, these actions have been resolved in various ways with the regulatory authorities without material commitments or penalties to the company.

For information concerning other contingencies and uncertainties, see Note 15, Contingencies and Significant Estimates to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to security holders for a vote during the fourth quarter of our fiscal year ended December 31, 2007.

Executive Officers of the Registrant

Each of the following officers of the company has been elected by the Board of Directors. The information presented is as of February 29, 2008.

Name	Age	Position With The Registrant	Principal Position Held Since
Terry D. Growcock	62	Chairman of the Board of Directors	2002
Glen E. Tellock	47	President and Chief Executive Officer	2007
Carl J. Laurino	46	Senior Vice President and Chief Financial Officer	2004
Thomas G. Musial	56	Senior Vice President of Human Resources and Administration	2000
Maurice D. Jones	48	Senior Vice President, General Counsel and Secretary	2004
Dean J. Nolden	39	Vice President of Finance and Assistant Treasurer	2005
Eric Etchart	51	Senior Vice President of the Company and President Crane Segment	2007
Michael J. Kachmer	49	Senior Vice President of the Company and President Foodservice Segment	2007
Robert P. Herre	55	Senior Vice President of the Company and President Marine Segment	2005

Terry D. Growcock has served as chairman of the board since October 2002. Since 1998, Mr. Growcock had served as the company s president and chief executive officer until May, 2007. He has also been a director since 1998. Mr. Growcock joined the company in 1994 as executive vice president and general manager of Manitowoc Ice. In March 1995, he was appointed president of Manitowoc Foodservice Group and served in that capacity until his promotion to president and chief executive officer in 1998. Prior to joining the company, Mr. Growcock served in numerous management and executive positions with Siebe plc and United Technologies Corporation. Currently, Mr. Growcock also serves as a director of Harris Corporation and Bemis Manufacturing Company, Vice Chairman of Wisconsin Manufactures and Commerce, and director of the National Association of Manufactures.

Glen E. Tellock was named the company s president and chief executive officer in May 2007. He had served as the senior vice president of The Manitowoc Company, Inc. and president and general manager of Manitowoc Crane segment since 2002. Previously, he served as the Company s senior vice president and chief financial officer (1999), vice president of finance and treasurer (1998), corporate controller (1992) and director of accounting (1991). Prior to joining the company, Mr. Tellock served as financial planning manager with the Denver Post Corporation, and as audit manager for Ernst & Whinney.

Carl J. Laurino was named senior vice president and chief financial officer in May 2004. He had served as Treasurer since May 2001. Mr. Laurino joined the company in January 2000 as assistant treasurer and served in that capacity until his promotion to treasurer. Previously, Mr. Laurino spent 15 years in the commercial banking industry with Firstar Bank (n/k/a US Bank), Norwest Bank (n/k/a Wells Fargo), and Associated Bank. During that period, Mr. Laurino held numerous positions of increasing responsibility including commercial loan officer with Norwest Bank, Vice President Business Banking with Associated Bank and Vice President and Commercial Banking Manager with Firstar.

Thomas G. Musial has been senior vice president of human resources and administration since 2000. Previously, he was vice president of human resources and administration (1995), manager of human resources (1987), and personnel/industrial relations specialist (1976).

Maurice D. Jones has been general counsel and secretary since 1999 and was elected vice president in 2002 and a senior vice president in 2004. Prior to joining the company, Mr. Jones was a shareholder in the law firm of Davis and Kuelthau, S.C., and served as legal counsel for Banta Corporation.

Dean J. Nolden was named vice president of finance and assistant treasurer in May 2005. Mr. Nolden joined the company in November 1998 as corporate controller and served in that capacity until his promotion to Vice President Finance and Controller in May 2004. Prior to joining the company, Mr. Nolden spent eight years in public accounting in the audit practice of PricewaterhouseCoopers LLP. He left that firm in 1998 as an audit manager.

Eric Etchart was named senior vice president of The Manitowoc Company, Inc. and president and general manager of Manitowoc Crane segment in May 2007. Mr. Etchart previously served as executive vice president of Manitowoc Crane segment for the Asia/Pacific region since 2002. Prior to joining the company, Mr. Etchart served as managing director in the Asia/Pacific region for Potain S.A.; as managing director in Italy for Potain S.P.A.; and as vice president of international sales and marketing for PPM.

Michael J. Kachmer joined the company in February of 2007 as senior vice president of The Manitowoc Company, Inc. and president and general manager of the Manitowoc Foodservice segment. Prior to joining the company, Mr. Kachmer held executive positions for Culligan International Company since 2000 and most recently served as the chief operating officer. In addition, Mr. Kachmer has held executive and operational roles in a number of global manufacturing companies, including Ball Corporation and Firestone Tire & Rubber.

Robert P. Herre joined the company in February of 2005 as senior vice president of The Manitowoc Company, Inc. and president and general manager of Manitowoc Marine segment. Prior to joining the company, Mr. Herre served as executive vice president and head of operations for Trinity Industries, Inc., joining that company in 2003. From 1991 to 2003 Mr. Herre held numerous positions within American Commercial Lines, LLC, including president and chief operating officer Jeffboat, vice president maintenance and vessel management American Commercial Barge Line, vice president and general manager American Commercial Terminals, vice president, employee relations Jeffboat and vice president, engineering.

Item 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company s common stock is traded on the New York Stock Exchange under the symbol MTW. At December 31, 2007, the approximate number of record shareholders of common stock was 2,520. The amount and timing of the annual dividend is determined by the board of directors at regular times each year. At its February 2005 meeting, the board of directors approved the return to a quarterly dividend payment beginning with the first quarter of 2005. Quarterly dividends in the amount of $0.018 per share were paid in March, June, September and December of 2006 and 2005 and in March and June of 2007.

At its July 2007 meeting, the board of directors approved a pre-split quarterly dividend of $0.04 per share of common stock ($0.02 per share of common stock post-split) payable on September 10, 2007, to shareholders of record on August 31, 2007. Quarterly dividends in the amount of $0.02 per share were paid in September and December of 2007.

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.

The high and low sales prices of the common stock were as follows for 2007, 2006 and 2005 (amounts have been adjusted for the two-for-one stock split discussed above):

Year Ended		**2007**			**2006**			**2005**	
December 31	**High**	**Low**	**Close**	**High**	**Low**	**Close**	**High**	**Low**	**Close**
1st Quarter	$ 32.64	$ 25.67	$ 31.77	$ 23.85	$ 12.41	$ 22.79	$ 10.65	$ 8.58	$ 10.10
2nd Quarter	42.20	31.45	40.19	28.02	17.00	22.25	10.66	8.99	10.26

3rd Quarter	44.96	32.96	44.28	23.58	17.33	22.40	12.70	10.29	12.57
4th Quarter	51.49	37.50	48.83	31.33	22.31	29.72	13.50	11.38	12.56

Under our current bank credit agreement, we are limited on the amount of dividends we may pay out in any one year. The amount of dividend payments is restricted based on our consolidated senior leverage ratio as defined in the credit agreement. If the consolidated senior leverage ratio is less than 2.00 to 1.00, dividend payments, in addition to other restricted payments as defined, can not exceed $50.0 million. If the consolidated senior leverage ratio is greater than 2.00 to 1.00, but less than 3.00 to 1.00, these payments can not exceed $25.0 million.

Comparison of cumulative five-year total return

Total Return to Shareholders

(Includes reinvestment of dividends)

	Annual Return Percentages Years Ending December 31,				
	2003	**2004**	**2005**	**2006**	**2007**
The Manitowoc Company, Inc.	23.62%	21.58%	34.24%	137.37%	64.65%
S&P 500 Index	28.68%	10.88%	4.91%	15.79%	5.49%
S&P 600 Industrial Machinery	36.18%	28.39%	9.20%	20.77%	12.18%

	Indexed Returns Years Ending December 31,					
	2002	2003	2004	2005	2006	2007
The Manitowoc Company, Inc.	100.00	123.62	150.30	201.75	478.89	788.51
S&P 500 Index	100.00	128.68	142.69	149.70	173.34	182.86
S&P 600 Industrial Machinery	100.00	136.18	174.84	190.93	230.59	258.68

Item 6. SELECTED FINANCIAL DATA

The following selected historical financial data have been derived from the Consolidated Financial Statements of The Manitowoc Company, Inc. The data should be read in conjunction with these financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations. The information presented reflects all business units other than DRI, Toledo Ship Repair,

Manitowoc Boom Trucks, Inc., Femco Machine Company, Inc., North Central Crane & Excavator Sales Corporation, and the Aerial Work Platform businesses, which were either sold or closed during 2005, 2004, 2003 or 2002 and are reported in discontinued operations in the accompanying Consolidated Financial Statements. For businesses acquired during the time periods presented, results are included in the table from their acquisition date. Amounts are in millions except share and per share data.

	2007	2006	2005	2004	2003	2002
Net Sales						
Cranes and Related Products	$3,245.7	$2,235.4	$1,628.7	$1,248.5	$962.8	$674.1
Foodservice Equipment	438.3	415.4	399.6	377.2	368.6	374.8
Marine	321.0	282.5	225.8	219.2	136.7	204.2
Total	4,005.0	2,933.3	2,254.1	1,844.9	1,468.1	1,253.1
Gross Profit	911.6	647.3	421.9	375.7	316.7	311.4
Earnings (Loss) from Operations						
Cranes and Related Products	470.5	280.6	115.5	57.0	24.4	55.6
Foodservice Equipment	61.3	56.2	54.9	55.7	53.3	50.3
Marine	26.1	11.3	(9.2)	16.5	4.5	20.8
Corporate	(48.2)	(42.4)	(24.8)	(21.2)	(19.2)	(15.1)
Amortization expense	(5.8)	(3.3)	(3.1)	(3.1)	(2.9)	(2.0)
Gain on sales of parts line	3.3					
Pension settlements	(5.3)					
Curtailment gain					12.9	
Total	501.9	302.4	133.3	104.9	73.0	109.6
Interest Expense	(36.3)	(46.3)	(53.8)	(56.0)	(55.7)	(50.6)
Loss on debt extinguishment	(12.5)	(14.4)	(9.1)	(1.0)	(7.3)	
Other income (expense) - net	9.9	3.2	3.5	(0.9)	0.5	1.9
Earnings from continuing operations before income taxes	463.0	244.9	73.9	47.0	10.5	60.9
Provision for taxes on income	129.4	78.4	14.8	8.9	1.9	21.9
Earnings from continuing operations	333.6	166.5	59.1	38.1	8.6	39.0
Discontinued operations:						
Earnings (loss) from discontinued operations, net of income taxes	3.1	(0.3)	0.9	(0.2)	7.0	2.8
Gain (loss) on sale or closure of discontinued operations, net of income taxes			5.8	1.2	(12.0)	(25.5)
Cumulative effect of accounting change, net of income taxes						(36.8)
Net earnings (loss)	$336.7	$166.2	$65.8	$39.1	$3.6	$(20.5)
Cash Flows						
Cash flow from operations	$238.2	$294.1	$106.7	$57.0	$150.9	$94.5
Identifiable Assets						
Cranes and Related Products	$1,958.1	$1,572.4	$1,224.7	$1,279.7	$1,151.8	$1,046.3
Foodservice Equipment	341.5	340.1	313.2	302.9	290.6	320.8
Marine	123.1	120.9	123.3	110.3	91.5	94.0
Corporate	446.0	186.1	300.6	235.2	126.3	139.5
Total	$2,868.7	$2,219.5	$1,961.8	$1,928.1	$1,660.2	$1,600.6
Long-term Obligations	$272.0	$264.3	$474.0	$512.2	$567.1	$623.5
Depreciation						
Cranes and Related Products	$70.4	$58.4	$51.8	$42.9	$36.8	$24.2
Foodservice Equipment	8.0	7.2	6.1	4.9	5.9	6.5
Marine	2.1	1.6	1.0	0.9	0.9	1.0
Corporate	1.8	1.8	1.5	1.4	1.1	0.7
Total	$82.3	$69.0	$60.4	$50.1	$44.7	$32.4
Capital Expenditures						
Cranes and Related Products	103.7	51.3	32.9	24.2	25.0	19.1
Foodservice Equipment	3.7	10.9	16.9	11.8	4.7	3.5
Marine	6.8	3.1	4.1	4.3	0.7	1.4
Corporate	5.4	2.3	1.0	2.9	1.3	8.3
Total	$119.6	$67.6	$54.9	$43.2	$31.7	$32.3
Per Share						
Basic earnings (loss) per share:						
Earnings from continuing operations	$2.68	$1.36	$0.49	$0.35	$0.08	$0.39
Earnings (loss) from discontinued operations, net of income taxes	0.02		0.01		0.07	0.03
Gain (loss) on sale or closure of discontinued operations, net of income taxes			0.05	0.01	(0.11)	(0.25)
Cumulative effect of accounting change, net of income taxes						(0.37)
Net earnings (loss)	$2.70	$1.36	$0.55	$0.36	$0.03	$(0.20)
Diluted earnings (loss) per share:						
Earnings from continuing operations	$2.62	$1.33	$0.48	$0.35	$0.08	$0.38
Earnings (loss) from discontinued operations, net of income taxes	0.02		0.01		0.07	0.03
			0.05	0.01	(0.11)	(0.25)

Gain (loss) on sale or closure of discontinued operations, net of income taxes						
Cumulative effect of accounting change, net of income taxes						(0.36)
Net earnings (loss)	$2.64	$1.32	$0.53	$0.36	$0.03	$(0.20)
Avg Shares Outstanding						
Basic	124,667,931	122,449,148	120,586,420	107,602,520	106,301,800	100,770,248
Diluted	127,489,416	125,571,532	123,052,068	109,508,720	106,811,408	103,127,204

1) Effective January 1, 2002, we adopted Statement of Financial Accounting Standard (SFAS) No. 142, Goodwill and Other Intangible Assets. As a result, the company no longer amortizes its goodwill and certain other intangible assets with indefinite lives. In addition, the company recorded a $36.8 million charge related to impairment of goodwill upon the adoption of SFAS No. 142.

2) Discontinued operations represent the results of operations and gain or loss on sale or closure of DRI, Toledo Ship Repair, Manitowoc Boom Trucks, Inc., Femco Machine Company, Inc., North Central Crane & Excavator Sales Corporation, and the Aerial Work Platform businesses, which were either sold or closed during 2005, 2004, 2003 or 2002.

3) 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.

4) We acquired two businesses during 2007, two businesses during 2006, two businesses during 2002, and one business during 2001.

5) Cash dividends per share for 2002 through 2007 were as follows: $0.07 (2002 through 2006) and $0.075 (2007).

Item 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes appearing in Item 8 of the Annual Report on Form 10-K.

Overview The Manitowoc Company, Inc. (referred to as the company, MTW, we, our, and us) is a leading, diversified, multi-industry manufacturer of engineered capital goods and support services for selected market segments, which today include Cranes and Related Products (Crane), Foodservice Equipment (Foodservice), and Marine. The centerpiece of our effort is and will continue to be to provide customer-focused, quality products and services to the markets we serve, with the goal to continuously improve economic value for our shareholders.

The following discussion and analysis covers key drivers behind our results for 2005 through 2007 and is broken down into three major sections. First, we provide an overview of our results of operations for the years 2005 through 2007 on a consolidated basis and by business segment. Next we discuss our market conditions, liquidity and capital resources, off balance sheet arrangements, and obligations and commitments. Finally, we provide a discussion of risk management techniques, contingent liability issues, critical accounting policies, impacts of future accounting changes, and cautionary statements.

All dollar amounts, except per share amounts, are in millions of dollars throughout the tables included in this Management s Discussion and Analysis of Financial Conditions and Results of Operations unless otherwise indicated.

Results of Consolidated Operations

	2007	2006	2005
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 expenses	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 income	463.0	244.9	73.9
Provision for taxes on income	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	3.1	(0.3)	0.9
Gain on sale or closure of discontinued operations, net of income taxes			5.8
Net earnings	$ 336.7	$ 166.2	$ 65.8

During the third quarter of 2005, we 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. In addition, during the third quarter of 2005, we decided we would divest of our wholly-owned subsidiary, Diversified Refrigeration LLC (f/k/a Diversified Refrigeration, Inc.) (DRI). DRI was a private-label contract manufacturing operation. On December 30, 2005, we completed the sale of DRI to Monogram Refrigeration, LLC, a wholly-owned subsidiary of the General Electric Company. We have reported the results of these operations as discontinued and have restated prior year amounts in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment of Long-Lived Assets. Prior year amounts throughout this Management Discussion and Analysis of Financial Condition and Results of Operations have been restated to reflect the reporting of these operations as discontinued.

Year Ended December 31, 2007 Compared to 2006

Consolidated net sales increased 36.5% in 2007 to $4.0 billion from $2.9 billion in 2006. This increase was the result of higher year-over-year sales in all three of our business segments. Sales in our Crane, Foodservice and Marine segments increased 45.2%, 5.5% and 13.6%, respectively, for the year ended December 31, 2007 compared to 2006. Changes in currency exchange rates resulted in an increase in sales of $122.8 million or 3.1% for the year ended December 31, 2007 compared to the year ended December 31, 2006. Further analysis of the increases in sales by segment is presented in the Sales and Operating Earnings by Segment section below.

Gross profit increased significantly for the year ended December 31, 2007 to $911.7 million compared to $647.3 million for the year ended December 31, 2006 - an increase of 40.9%. Gross margin increased in 2007 to 22.8% from 22.1% in 2006. The increase in consolidated gross profit and margin was driven by all three segments as a result of higher sales volumes and increased productivity. Crane segment gross profit increased in 2007 to $729.2 million from $488.7 million in 2006, while gross margin increased to 22.5% from 21.9% over the same period. The Foodservice segment s gross profit and gross margin increased from $122.7 million and 29.5% in 2006 to $131.6 million and 30.0% in 2007, respectively. Marine segment gross profit increased in 2007 to $50.2 million from $36.0 million in 2006, while gross margin increased to 15.6% from 12.7% over the same period.

Engineering, selling and administrative (ES&A) expenses for the year ended December 31, 2007 increased approximately $60.3 million to $401.9 million compared to $341.6 million for the year ended December 31, 2006. This increase was primarily driven by the Crane and Foodservice segments and corporate expenses. Crane segment ES&A expense increased due to higher engineering and selling expenses, increased employee related costs and expenses related to the initiation of an ERP implementation project. Foodservice segment ES&A expenses increased due to higher employee and commission costs. Corporate expenses increased primarily due to increased employee related costs. ES&A expenses of the Marine segment decreased slightly, primarily as a result of lower bid costs and professional fees.

Interest expense for the year ended December 31, 2007 was $36.2 million versus $46.3 million for the year ended December 31, 2006. The decrease resulted from the company s redemption of the 10 ½% senior subordinated notes due 2012. This decrease was partially offset by an increase in the average borrowings outstanding under our revolving credit facility and higher accounts receivable securitization interest costs.

We redeemed our 10 ½% senior subordinated notes due 2012 in August 2007. Pursuant to the terms of the indenture, we 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, we incurred a charge of $12.5 million ($8.6 million net of income taxes) related to the call premium, the 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.

The effective tax rate for the year ended December 31, 2007 was 28.0% compared to 32.0% for the year ended December 31. 2006. The lower effective tax rate in 2007 was a result of a foreign tax credit

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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 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.

Year Ended December 31, 2006 Compared to 2005

Consolidated net sales increased 30.1% in 2006 to $2.9 billion from $2.3 billion in 2005. This increase was the result of higher year-over-year sales in all three of our business segments. Sales in our Crane, Foodservice and Marine segments increased 37.2%, 4.0% and 25.1% respectively for the year ended December 31, 2006 compared to the same period in 2005. Changes in currency exchange rates resulted in an increase in sales of $7.3 million or 0.2% for the year ended December 31, 2006 compared to the year ended December 31, 2005. Further analysis of the increases in sales by segment is presented in the Sales and Operating Earnings by Segment section below.

Gross profit increased significantly for the year ended December 31, 2006 to $647.3 million compared to $421.9 million for the year ended December 31, 2005 - an increase of 53.4%. Gross margin increased in 2006 to 22.1% from 18.7% in 2005. The increase in consolidated gross profit and margin was driven by significantly higher gross margin in the Crane segment due to increased volume and productivity gains. In addition, the Marine segment reported gross profit of $36.0 million for the year ended December 31, 2006 versus $8.6 million for the year ended December 31, 2005. This was driven by profitability on new construction contracts and a strong repair year. Also, 2005 gross profit was adversely affected by a $10.2 million reserve during the fourth quarter. For a more detailed discussion of this reserve, please see the Marine segment analysis below. The Foodservice segment s gross profit decreased from 30.7% in 2005 to 29.5% in 2006.This was primarily the result of lower sales volumes in our Beverage division, higher material costs and costs related to the ERP implementation.

Engineering, selling and administrative (ES&A) expenses for the year ended December 31, 2006 increased approximately $59.3 million to $341.6 million compared to $282.3 million for the year ended December 31, 2005. This increase was primarily driven by the Crane and Marine segments and corporate expenses. Crane segment ES&A increases were due to higher selling expense, increased employee related costs and increased research and development expenses. Marine segment ES&A increases were due to higher engineering costs, bidding costs related to potential new contracts and increased employee related costs. Corporate ES&A expenses increased primarily due to expensing of stock options, costs related to the unrealized acquisitions and employee related costs. ES&A expenses of the Foodservice segment increased slightly, primarily as a result of ES&A associated with the McCann s Engineering & Mfg. Co. (McCann s) operations acquisition in 2006.

Interest expense for the year ended December 31, 2006 was $46.3 million versus $53.8 million for the year ended December 31, 2005. The decrease resulted from the company s redemption of the 10 3/8% senior subordinated notes due 2011 during May of 2006. This decrease was slightly offset by an increase in the interest rate of our variable interest rate outstanding debt balances.

During May 2006, we redeemed our 10 3/8% senior subordinated notes due 2011. Pursuant to the terms of the indenture, we paid the note holders 105.188 percent of the principal amount of the notes redeemed plus accrued and unpaid interest up to the redemption date. As a result of this redemption, we 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.

The effective tax rate for the year ended December 31, 2006 was 32.0% compared to 20.0% for the year ended December 31. 2005. Both periods were favorably affected, as compared to the statutory rate, 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 loss from discontinued operations, net of income taxes, for the year ended December 31, 2006 reflects the operating results of our discontinued Toledo Ship Repair operation. The closure of Toledo Ship Repair was completed during the first quarter of 2006 and no further results were realized from this operation.

Sales and Operating Earnings by Segment

Operating earnings reported below by segment include the impact of reductions due to restructurings and plant consolidation costs, whereas these expenses were separately identified in the Results of Consolidated Operations table above.

Cranes and Related Products Segment

	2007	2006	2005
Net sales	$ 3,245.7	$ 2,235.4	$ 1,628.7
Operating earnings	$ 470.5	$ 280.6	$ 115.5
Operating margin	14.5%	12.6%	7.1%

Year Ended December 31, 2007 Compared to 2006

Crane segment net sales for the year ended December 31, 2007 increased 45.2% to $3.2 billion versus $2.2 billion for the year ended December 31, 2006. Net sales for the year ended December 31, 2007 increased over the prior year in all of our major geographic regions. The Crane segment continues to benefit from strong crane end-market demand. From a product line standpoint, the sales increase was driven by increased volume of crawler, tower and mobile hydraulic cranes worldwide, and increases in our aftermarket sales and service business, slightly offset by decreased sales of our boom truck cranes in North America due to the softening residential housing construction market. As of December 31, 2007, total Crane segment backlog was $2.9 billion, an 87.5% increase over the December 31, 2006 backlog of $1.5 billion and an 8.4% increase over the September 30, 2007 backlog of $2.7 billion.

For the year ended December 31, 2007, the Crane segment reported operating earnings of $470.5 million compared to $280.6 million for the year ended December 31, 2006. Operating earnings of the Crane segment were favorably affected by increased volume across all regions and all but one product line, manufacturing productivity gains, product cost takeout initiatives, and price increases where appropriate. Operating margin for the year ended December 31, 2007 was 14.5% versus 12.6% for the year ended December 31, 2006. Strong factory performance, leveraging of fixed costs, and appropriate pricing initiatives in all our regions contributed to the gains in profit and margin, somewhat offset by higher costs of materials.

Year Ended December 31, 2006 Compared to 2005

Net sales from the Crane segment for the year ended December 31, 2006 increased 37.3% to $2.2 billion versus $1.6 billion for the year ended December 31, 2005. Net sales for the year ended December 31, 2006 increased over the prior year in all of our major geographic regions. The Crane segment continues to benefit from strong crane end-market demand. From a product line standpoint, the sales increase was driven by increased volume of crawler, tower and mobile hydraulic cranes worldwide, increases in our aftermarket sales and service business, and increases in boom truck sales in North America. As of December 31, 2006, total Crane segment backlog was $1.5 billion, a 77% increase over the December 31, 2005 backlog of $866.1 million and a 10.4% increase over the September 30, 2006 backlog of $1.4 billion.

For the year ended December 31, 2006, the Crane segment reported operating earnings of $280.6 million compared to $115.5 million for the year ended December 31, 2005. Operating earnings of the Crane segment were favorably affected by increased volume across all regions and products, productivity gains as a result of consolidation efforts over the past several years, mix of product, and effective leveraging of engineering, selling and administrative expenses on higher sales volume. Operating margin for the year ended December 31, 2006 was 12.6% versus 7.1% for the year ended December 31, 2005. Strong factory performance, leveraging of fixed costs, and favorable pricing levels in all our regions contributed to the gains in profit and margin.

Foodservice Equipment Segment

	2007	2006	2005
Net sales	$ 438.3	$ 415.4	$ 399.6
Operating earnings	$ 61.3	$ 56.2	$ 54.9
Operating margin	14.0%	13.5%	13.7%

Year Ended December 31, 2007 Compared to 2006

Foodservice segment net sales increased 5.5% to $438.3 million for the year ended December 31, 2007 versus $415.4 million for the year ended December 31, 2006. The sales increase during 2007 was driven by all divisions and the full year results of McCann s which was acquired on May 26, 2006. The increases were a result of both volume and pricing increases versus the prior year. In addition, our beverage division benefited from the acquisition of McCann s, which added approximately $20.8 million of sales for the full year ended December 31, 2007 as compared to approximately $11.4 million of sales for the last half of the year ended December 31, 2006.

For the year ended December 31, 2007, the Foodservice segment reported operating earnings of $61.3 million compared to $56.2 million for the year ended December 31, 2006. Operating results for 2007 were improved as a result of increased volumes, appropriate pricing initiatives, and product cost takeouts. These benefits were somewhat offset by material cost increases and higher employee and commission costs. The McCann s acquisition benefited 2007 operating earnings by $3.7 million compared to 2006 operating earnings of $1.4 million.

Year Ended December 31, 2006 Compared to 2005

Net sales from the Foodservice segment increased 4.0% to $415.4 million for the year ended December 31, 2006 versus $399.6 million for the year ended December 31, 2005. The sales increase during 2006 was driven by our ice and refrigeration divisions and the acquisition of McCann s. The increases in our ice and refrigeration divisions were a result of both volume and pricing increases versus the prior year. Our beverage division benefited from the acquisition of McCann s, which occurred on May 26, 2006. This acquisition added approximately $11.4 million of sales for the year ended December 31, 2006. The benefit of the McCann s acquisition was offset by reduced sales in our historical beverage businesses. The decline in the historical business was primarily attributed to two major customer equipment refresh programs which benefited net sales in 2005 but did not recur in 2006.

For the year ended December 31, 2006, the Foodservice segment reported operating earnings of $56.2 million compared to $54.9 million for the year ended December 31, 2005. The year ended December 31, 2005 was impacted by a $3.2 million restructuring charge recorded in connection with the consolidation of our Kolpak operation located in Wisconsin into our Kolpak operation located in Tennessee. This action was taken in an effort to streamline our cost structure. The charge included $1.5 million to write-down the facility and land, which were subsequently sold, 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 was not transferred to Tennessee; $0.5 million related to severance and other employee related costs; and $0.4 million for other related closing costs. Operating results for 2006 were adversely affected by approximately $2.8 million due to increased commodity costs, specifically copper and aluminum. The operating results of the Foodservice segment for the year ended December 31, 2006 were also adversely affected by the lower sales of our beverage division. McCann s contributed approximately $1.4 million to 2006 operating earnings of the Company.

Marine Segment

Prior year sales and operating earnings of the Marine segment have been restated for the discontinued operation of Toledo Ship Repair (discontinued in the third quarter of 2005).

	2007	2006	2005
Net sales	$ 321.0	$ 282.5	$ 225.8
Operating earnings (loss)	$ 26.1	$ 11.3	$ (9.2)
Operating margin	8.1%	4.0%	(4.1)%

Year Ended December 31, 2007 Compared to 2006

Marine segment net revenue increased 13.6% to $321.0 million for the year ended December 31, 2007 over net sales for the year ended December 31, 2006. The increase in revenue was primarily the result of the construction of the first and second options of the Improved Navy Lighterage System (INLS), construction of several commercial articulated tug and barge combination projects and construction of the Littoral Combat Ship (LCS) for the U.S. Navy.

The Marine segment reported operating earnings of $26.1 million for the year ended December 31, 2007 versus $11.3 million for the year ended December 31, 2006. Results for 2007 were positively impacted by continued demand for certain commercial vessels which allowed us to bid on and successfully complete repeat projects and a strong 2007 winter repair season at our Sturgeon Bay shipyard. Additionally, operating margins were favorably impacted by improved manufacturing performance on longer-term government contracts.

Year Ended December 31, 2006 Compared to 2005

Net sales from our Marine segment increased 25.1% to $282.5 million for the year ended December 31, 2006 over net sales for the year ended December 31, 2005. The increase in sales was primarily the result of revenue generated from construction of the first option of the Improved Navy Lighterage System (INLS), construction of several commercial articulated tug and barge combination projects and construction of the Littoral Combat Ship (LCS). Sales for 2006 also benefited from a very strong winter repair season.

For 2006, the Marine segment reported operating earnings of $11.3 million compared to a loss of $9.2 million for 2005. The loss in 2005 was primarily the result of a $10.2 million reserve recorded during the fourth quarter of 2005. We have been in negotiations with one of our 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 us, we filed a lawsuit seeking recovery of these cost overruns from the customer. The customer filed a counter suit against us in the fourth quarter of 2005. During the fourth quarter of 2005, we established a reserve of $10.2 million to reflect the inherent uncertainties in litigation of this type. The $10.2 million reserve is 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.

The operating results of 2006 benefited from the completion of certain contracts in 2005, which were fixed price contracts. These were bid and awarded prior to the unprecedented rise in the costs of steel and other commodities during 2004. Labor inefficiencies also impacted these projects in prior years. The Marine segment s contracts are now better protected against commodity cost increases due to escalation clauses. In addition, 2006 results were also positively impacted by increased demand for certain commercial vessels which allowed us to bid on and successfully complete repeat projects with higher margins. For 2006, operating margins were negatively impacted by the fact that a significant percentage of the Marine segment results were from a relatively low margin LCS contract, which is a first-run military prototype vessel that is structured as a cost plus contract.

General Corporate Expenses

	2007	2006	2005
Net sales	$ 4,005.0	$ 2,933.3	$ 2,254.1
Corporate expenses	$ 48.2	$ 42.4	$ 24.8
% of Net sales	1.2%	1.4%	1.1%

Year Ended December 31, 2007 Compared to 2006

Corporate expenses increased $5.8 million to $48.2 million in 2007 compared to $42.4 million in 2006. The increase was primarily due to higher employee related costs and other professional expenses.

Year Ended December 31, 2006 Compared to 2005

Corporate expenses increased $17.6 million to $42.4 million in 2006 compared to $24.8 million in 2005. Expensing of stock options, which began during the first quarter of 2006, increased corporate expenses by $5.7 million in 2006 compared to 2005. Also contributing to the increase in corporate expenses during 2006 was approximately $2.1 million of legal and accounting expenses related to the unrealized acquisitions. Finally, corporate expenses for the year ended December 31, 2006 were impacted by higher employee related costs and other professional expenses.

Market Conditions and Outlook

During 2008, we will strive to protect our market shares in a profitable manner, improve our cost structures, and continue to invest in new product development. Because of our global Crane businesses and our continued global growth in our Foodservice businesses, during 2007 we were affected more than ever by non-U.S. world economies. The economies of Europe and Asia, in particular, affect our performance.

Our diversified business model, global presence, and broad product offerings proved beneficial to us in 2007 and we believe will continue to provide stability to our company into the future. Product line and geographic diversification within our segments also historically have proved to be beneficial.

Cranes and Related Products - The global Crane market continued to strengthen in 2007, which benefited most of our regional and product end-markets, including our rough terrain, all-terrain, crawler, and tower crane product families. Price increases to recover material cost increases, and manufacturing cost reductions have contributed to the improved gross margins in the Crane segment. In 2008, we expect to see some additional escalation in product costs and a weaker currency in the U.S. which we anticipate will again be mitigated across the industry with pricing actions and other cost reduction efforts.

During 2007, based on third party data and company estimates, we grew global market share in all product families except one. We responded to significant increases in demand in Asia by acquiring our distributor and licensee and acquiring crane manufacturing capabilities in India. The Crane segment continues to invest in its manufacturing facilities in an effort to increase production volumes to meet market demand. The improvement in overall market share is partially a reflection of continued significant investment in new products. We introduced over a dozen new products in 2007. We will continue to invest in new products and product support and have over 30 new product programs in process or in our project pipeline.

Looking ahead, we expect sales volumes to continue to increase worldwide as most non-residential global construction market segments have significant growth prospects based on third party data. We believe the North American construction equipment market (as it relates to lifting equipment in non-residential applications) is still strong, and we maintain a high order backlog for North American orders. We expect Asia will continue to grow significantly, driven by Chinese and Indian lifting market expansion. We will work to grow our market share globally by leveraging the strength of our brand names, product service and support, and by expanding product offerings.

In 2008, we plan to continue our development of new crane models that appeal to construction markets worldwide. One way to achieve this growth is through the continued expansion and strategic positioning of our service and product support infrastructure in emerging markets on all continents. Our past acquisitions have given us a broad product offering and worldwide distribution. We believe these factors along with new product introductions will help us continue to grow our business in 2008 and beyond. We believe that our growth strategy is solid and supported by the diversification of our global manufacturing and distribution presence.

Foodservice Equipment - Our Foodservice segment faces a different environment in 2008 from that of the Crane Segment. This is a largely domestic U.S. business and our key customers are restaurants, convenience stores and the lodging market. Several customers have revised their capital spending plans in response to lower consumer spending on meals outside the home and general concern over the U.S. economy. Consumers are facing higher energy prices and uncertain economic outlook. Even in the face of market uncertainty, this segment has historically been stable. In the past 30 years, restaurant sales have failed to outpace inflation only three times. Foodservice equipment is a stable industry and we have a large base of installed equipment that puts us in a strong position for replacement sales. Approximately 80% of our Foodservice segment sales are due to equipment replacement and upgrade which is not dependent on new store construction.

According to the National Restaurant Association, the top two trends for consumers are going healthy and going green and we believe we are well positioned for both. We continue to develop products to meet the desire for healthier menu items. In addition, foodservice operators have long recognized our commitment to producing the most energy-efficient products in the industry. We have built on the need for green technology by advancing the use of insulation materials in manufacturing processes that minimize the use of volatile compounds and chemicals. This movement is not only good for the environment, it creates a healthy restaurant. We believe operators and customers are becoming more sensitive to the need for products that match a commitment to conservation.

If industry performance flattens in 2008, we are still confident in our ability for growth because we have been developing new products, serving new markets and leveraging our relationships with national and global accounts.

Marine- The Marine segment exceeded its expectations for 2007, driven by commercial double-hull tank/barge construction work (Oil Pollution Act of 1990) and government program execution. We delivered one articulating tug and double-hull barge unit and two double-hulled petroleum barges, and commenced construction on two more double-hull petroleum barges. We operated at a feverish pace in meeting our contractual requirements on the first option of the Improved Navy Lighterage System (INLS), delivering six Warping Tugs and 13 Causeway Ferries in 2007. Work continued on the first Littoral Combat Ship (LCS) *Freedom*, and production commenced on the first boat of the US Coast Guard s Response Boat-Medium (RB-M) program. Great Lakes ship repair activity also excelled, with strong first quarter winter repair activities driving year-end results.

Our Marine segment backlog coming into 2008 should carry us largely through the year and into 2009. We are scheduled to deliver two double-hull petroleum barges, the LCS *Freedom*, and a number of INLS and RB-M units in 2008. Repair activity in 2008 should be quite healthy, though perhaps not quite the level it was in 2007 due to the timing of the five-year Coast Guard mandated survey and inspection cycle.

Bay Shipbuilding has reservations for eight major dockings and surveys in 2008, of which six will be completed in first quarter.

Fleet utilization on the Great Lakes remains strong with coal and iron ore leading the way. We expect that our customers should now be able to justify investment in replacement tonnage and in vessel revitalization projects such as re-powerings, conversions and automations. These capital decisions should also be supported by fuel savings from modern propulsion machinery and increased automation to improve manning utilization.

Another sector of the market that should provide future work for Marine is the re-emerging oil drilling support vessel demand. The U.S. Oil Patch is in need of replacements for older vessels and the recently awarded Gulf of Mexico deepwater oil leases will require larger Platform Supply Vessels (PSV) and Anchor Handling Towing Supply Vessels (AHTS). Alaskan North Slope drilling is manifesting a demand for Polar Ice-Breaking AHTS vessels, allowing Marine to capitalize on its recent successful USCG ice-breaker construction. In addition, the North Sea drilling market has also begun to show opportunities for US shipbuilders as currency exchange ratios more than offset initial mobilization costs.

Marine, in conjunction with a principal commercial customer, is pioneering a design for a Liquefied Petroleum Gas (LPG) barge that will be capable of lightering LPG ships and distributing the gas to smaller ports. This market is in its infancy, but should hold great potential in the coming years.

Marine looks forward to 2008 as another year of continued improvement in efficiency, safety, and operating earnings. It is well positioned with a strong backlog of commercial work and it is in an excellent position to capitalize on existing and pending government contracts.

Liquidity and Capital Resources

Cash flow from operations during 2007 was $238.2 million compared to $294.1 million in 2006. We applied a portion of this cash flow in 2007 to capital spending, dividends and payment of outstanding debt. We had $366.4 million in cash and cash equivalents on-hand at December 31, 2007, an increase of $190.3 million over 2006.

Cash flow provided by operating activities of continuing operations for the year ended December 31, 2007 totaled $238.2 million compared to $294.4 million for the year ended December 31, 2006. Cash flow during 2007 was driven by $336.7 million of net earnings, an increase of $170.5 million over net earnings for 2006. During 2007, cash flow from operations was negatively impacted by an increase in accounts receivable of $119.0 million and an increase in inventory of $105.2 million. The increase in accounts receivable was driven primarily by an increase in sales volumes, and the increase in inventory was due to higher order backlog and an increase in sales volumes, both in the Crane segment. Accounts payable, accrued expenses and other assets and liabilities positively impacted cash flow from operations by $31.9 million. This was driven primarily by payables related to the increase in inventory in the Crane segment.

The company is party to 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 s interest and is recorded at fair value. Due to a short average collection cycle of less than 60 days for such accounts receivable and 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 was $98.8 million, and is included in accounts receivable in the accompanying Consolidated Balance Sheets.

The securitization program s capacity was increased from $90 million in 2006 to $105 million in the third quarter of 2007. The program includes certain domestic trade accounts receivable from our U.S. Crane and Foodservice businesses. Trade accounts receivables sold to the Purchaser and being serviced by the company totaled $100.0 million at December 31, 2007, an increase of $10.0 million from the balance sold to the Purchaser at December 31, 2006.

We spent a total of $119.6 million during 2007 for capital expenditures. We continue to fund capital expenditures to increase production capacity, improve the cost structure of our business, to invest in new processes, products and technology, and to maintain high-quality production standards. The following table summarizes 2007 capital expenditures and depreciation by segment.

	Capital Expenditures	Depreciation
Cranes and Related Products	$ 103.7	$ 70.4
Foodservice Equipment	3.7	8.0
Marine	6.8	2.1
Corporate	5.4	1.8
Total	$ 119.6	$ 82.3

In the third quarter of 2007 we reached an agreement with Valcovna profilov a.s. for the brownfield development of a crane manufacturing facility in Saris, Slovakia. In addition, during the first quarter of 2007 we entered into agreements with a major software and systems supplier and a related consulting firm to purchase software and consulting services to begin design and implementation of an ERP system in our Crane segment. To date, capital expenditures for this ERP system total $11.2 million.

On July 19, 2007, the company acquired Shirke Construction Equipments Pvt. Ltd (Shirke). 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 cash flow impact of this acquisition is included in business acquisition, net of cash acquired within the cash flow from investing section of the Consolidated Statements of Cash Flows.

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 cash flow impact of this acquisition is included in business acquisitions, net of cash acquired within the cash flow from investing section of the Consolidated Statements of Cash Flows.

On May 26, 2006, the company acquired substantially all of the assets and business operated by McCann s. Headquartered in Los Angeles, California, 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 cash flow impact of this acquisition is included in business acquisition, net of cash acquired within the cash flow from investing section of the Consolidated Statements of Cash Flows.

On January 3, 2006, we 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, the operation will provide these services to the U.S. based crane manufacturing facilities. The cash flow impact of this acquisition is included in business acquisition, net of cash acquired within the cash flow from investing section of the Consolidated Statements of Cash Flows.

On April 3, 2007, we sold all of our aftermarket replacement parts and rights to manufacture, sell and service aftermarket replacement parts, for all the models of the Grove Manlift aerial work platform product line around the world, to MinnPar LLC (MinnPar). The cash flow impact of this divestiture is recorded in gain on sale of parts line in the Consolidated Statements of Cash Flows.

Restricted cash represents cash in escrow which replaced outstanding letters of credit related to performance under a certain Marine contract and security for the indemnity agreement for a casualty insurance provider.

On August 1, 2007, the company redeemed its 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 related to the call premium, the write-off of unamortized debt issuance costs and other expenses. We utilized cash on hand and availability under our revolving credit facility to fund this redemption.

During May 2006, we redeemed our 175 million Euro ($216.9 million based on May 15, 2006 exchange rates) 10 3/8% senior subordinated notes due 2011. Pursuant to the terms of the indenture, we paid the note holders 105.188 percent of the principal amount of the notes, which included a call premium of $11.2 million plus accrued and unpaid interest up to the redemption date. We utilized cash on hand and availability under our revolving credit facility to fund this redemption. The borrowings drawn on the revolving credit facility to complete this transaction were fully paid off during 2006.

During the years ended December 31, 2007, 2006 and 2005, we sold $14.2 million, $14.8 million and $20.5 million, respectively, of our long term notes receivable to third party financing companies. We guaranty varying percentages, up to 100%, of collection of the notes to the financing companies. We have accounted for the sales of the notes as a financing of receivables. The receivables remain on our Consolidated Balance Sheets, net of payments made, in other current and non-current assets, and we have 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, is reflected as financing activity in the Consolidated Statements of Cash Flows. During the years ended December 31, 2007, 2006 and 2005, the customers paid $18.5 million, $30.2 million and $6.3 million, respectively, of the notes to the third party financing companies. As of December 31, 2007, 2006 and 2005, the outstanding balance of the notes receivables guaranteed by us was $18.2 million, $22.3 million and $37.4 million, respectively.

Our outstanding debt at December 31, 2007 consists of $150.0 million of 7 1/8% senior notes due 2013 (Senior Notes due 2013), as well as outstanding amounts under our revolving credit facility, working capital lines of credit in non-U.S. locations and capital leases.

Our revolving credit facility provides $300 million of initial borrowing capacity and includes the ability to access an additional $250 million of borrowing capacity during the life of the facility under the same terms. Borrowings under the 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 our 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 secured revolving credit facility was 0.15%. As of December 31, 2007, the amount outstanding under the revolving