

TEREX CORP  
Form DEF 14A  
March 31, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

TEREX CORPORATION  
(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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TEREX CORPORATION  
200 Nyala Farm Road, Westport, Connecticut 06880

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 14, 2009

The Annual Meeting of Stockholders of Terex Corporation (“Terex” or the “Company”) will be held at the corporate offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut, on Thursday, May 14, 2009, at 10:00 a.m., local time, for the following purposes:

1. To elect eleven (11) directors of the Company to hold office for one year or until their successors are duly elected and qualified.
2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2009.
3. To approve the Terex Corporation 2009 Omnibus Incentive Plan.
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are described more fully in the Proxy Statement accompanying this Notice.

The Board of Directors of the Company has fixed the close of business on March 17, 2009 as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting.

Securities and Exchange Commission rules allow us to furnish proxy materials to our stockholders on the Internet. We are pleased to utilize these rules and believe that they enable us to provide our stockholders with the information that they need, while lowering the cost of delivery and reducing the environmental impact of our Annual Meeting.

On or about April 3, 2009, we will be mailing our Notice of Internet Availability of Proxy Materials to most of our stockholders, which contains instructions for our stockholders’ use of this process, including how to access our 2009 Proxy Statement and 2008 Annual Report and how to vote online. In addition, the Notice of Internet Availability of Proxy Materials contains instructions on how you may receive a paper copy of the Proxy Statement and Annual Report, if you received only a Notice of Internet Availability of Proxy Materials this year.

**EVERY STOCKHOLDER’S VOTE IS IMPORTANT.** While all stockholders are invited to attend the Annual Meeting, we urge you to vote whether or not you will be present at the Annual Meeting. You may vote by telephone or via the Internet. If you received a paper copy of the proxy card by mail, you may complete, date and sign the proxy card and return it in the envelope provided. No postage is required if the proxy card is mailed in the United States. You may withdraw your proxy or change your vote at any time before your proxy is voted, either by voting in person at the Annual Meeting, by proxy, by telephone or via the Internet. Please vote promptly in order to avoid the additional expense of further solicitation.

By order of the Board of Directors,

Eric I Cohen  
Secretary

March 31, 2009  
Westport, Connecticut

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TEREX CORPORATION  
200 Nyala Farm Road  
Westport, Connecticut 06880

Proxy Statement for the  
Annual Meeting of Stockholders  
to be held on May 14, 2009

This Proxy Statement is furnished to stockholders of Terex Corporation (“Terex” or the “Company”) in connection with the solicitation of proxies by and on behalf of the Company’s Board of Directors (the “Board”) for use at the Annual Meeting of Stockholders of the Company to be held at 10:00 a.m. on May 14, 2009, at the corporate offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut, and at any adjournments or postponements thereof (collectively, the “Meeting”), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the “Notice”).

As of March 17, 2009, the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting, the Company had outstanding 95,127,014 shares of common stock, \$.01 par value per share (“Common Stock”).

Under rules and regulations of the Securities and Exchange Commission (“SEC”), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner of our Common Stock, we are furnishing proxy materials, which include our Proxy Statement and Annual Report, to our stockholders over the Internet and providing a Notice of Internet Availability of Proxy Materials by mail to all of our stockholders, other than to stockholders who previously elected to receive a printed copy of the proxy materials. Those stockholders that previously elected to receive printed proxy materials will each receive such materials by mail. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Notice of Internet Availability of Proxy Materials. Instead, the Notice of Internet Availability of Proxy Materials will instruct you how you may access and review all of the important information contained in the proxy materials over the Internet. The Notice of Internet Availability of Proxy Materials also instructs you how you may submit your proxy via telephone or the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

We are mailing the Notice of Internet Availability of Proxy Materials to our stockholders on or about April 3, 2009.

Each share of Common Stock is entitled to one vote per share for each matter to be voted on at the Meeting. Except for the election of directors of the Company and the approval of the Terex Corporation 2009 Omnibus Incentive Plan, the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote is required for the approval of any matters voted upon at the Meeting. In an uncontested election of directors, such as the election at the Meeting, each director shall be elected by a majority of the votes cast with respect to such director. The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote is required to approve the Terex Corporation 2009 Omnibus Incentive Plan, provided that the total votes cast on this proposal represent over 50% of the total number of shares entitled to vote on this proposal.



A quorum of stockholders is constituted by the presence, in person or by proxy, of holders of record of Common Stock representing a majority of the aggregate number of votes entitled to be cast. Abstentions and broker non-votes will be considered present for purposes of determining the presence of a quorum. With respect to all matters to be voted upon at the Meeting, abstentions will have the effect of a negative vote and broker non-votes will not be considered as votes cast and thus will have no effect on the outcome of the vote, except with respect to the proposal to approve the Terex Corporation 2009 Omnibus Incentive Plan, where broker non-votes may result in a failure to obtain total votes cast of more than 50% of the shares entitled to vote on the proposal.

Proxy solicitations by the Board will be made by mail, by phone, via the Internet or by personal interviews conducted by officers or employees of the Company. All costs of solicitations, including (a) printing and mailing of the Notice of Internet Availability of Proxy Materials, (b) the printing and mailing of this Proxy Statement and accompanying material, (c) the reimbursement of brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of the Company's stock, and (d) supplementary solicitations to submit proxies, if any, will be borne by the Company.

#### How To Vote

In order that your shares of Common Stock may be represented at the Meeting, you are requested to vote your proxy using one of the following methods:

**Via the Internet** – You can vote your shares via the Internet as instructed in the Notice of Internet Availability of Proxy Materials. The Internet procedures are designed to authenticate your identity to allow you to vote your shares and confirm that your instructions have been properly recorded. Internet voting facilities for stockholders of record are available 24 hours a day and will close at 11:59 p.m. (EDT) on May 13, 2009.

**By Telephone** – The Notice of Internet Availability of Proxy Materials includes a toll-free number you can call to request printed copies of proxy materials and instructions on how to vote by telephone. The printed proxy materials include a different toll-free number that you can call for voting.

**By Mail** – Stockholders who receive a paper proxy card may elect to vote by mail and should complete, sign and date their proxy card and mail it in the pre-addressed envelope that accompanies the delivery of paper proxy cards. Proxy cards submitted by mail must be received by the time of the Meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper proxy card according to the instructions contained in the Notice of Internet Availability of Proxy Materials received from your broker or other agent, and then completing, signing and dating the voting instruction card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

If you vote via the Internet, by telephone or by mailing a proxy card, we will vote your shares as you direct. For the election of directors, you can specify whether your shares should be voted for all, some or none of the nominees for director listed. With respect to the other items being submitted for stockholder vote, you may vote “for” or “against” any proposal or you may abstain from voting on any proposal.

If you submit a proxy via the Internet, by telephone or by mailing a proxy card without indicating your instructions, we will vote your shares consistent with the recommendations of our Board as stated in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials, specifically in favor of our nominees for directors, in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm and in favor of the approval of the Terex Corporation 2009 Omnibus Incentive Plan. If any other matters are properly presented at the Meeting for consideration, then our officers named on your proxy will have discretion to vote for you on those matters. As of the date of the Notice of Internet Availability of Proxy Materials, we knew of no

other matters to be presented at the Meeting.

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Revocation of Proxies – Any stockholder giving a proxy has the right to attend the Meeting to vote his or her shares of Common Stock in person (thereby revoking any prior proxy). Any stockholder also has the right to revoke the proxy at any time by executing a later-dated proxy, by telephone, via the Internet or by written revocation received by the Secretary of the Company prior to the time the proxy is voted. All properly executed and unrevoked proxies delivered pursuant to this solicitation, if received at or prior to the Meeting, will be voted at the Meeting.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

#### PROPOSAL 1: ELECTION OF DIRECTORS

At the Meeting, eleven directors of the Company are to be elected to hold office until the Company's next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. Each director shall be elected by a majority of the votes of shares of Common Stock represented at the Meeting in person or by proxy cast with respect to such director. Unless marked to the contrary, the proxies received by the Company will be voted FOR the election of the eleven nominees listed below, all of whom are presently members of the Board.

Each nominee has consented to being named in this Proxy Statement and to serve as a director if elected. However, should any of the nominees for director decline or become unable to accept nomination if elected, it is intended that the Board will vote for the election of such other person as director as it shall designate. The Company has no reason to believe that any nominee will decline or be unable to serve if elected.

In the event of an uncontested election, as is the case this year, any nominee for director who is a current director and receives less than a majority of the votes cast in person or by proxy at the Meeting shall offer to resign from the Board. While the Board does not believe that in each such case a director should necessarily leave the Board, this presents an opportunity for the Board, through its Governance and Nominating Committee, to consider the resignation offer.

The information set forth below has been furnished to the Company by the nominees and sets forth for each nominee, as of March 25, 2009, such nominee's name, business experience for at least the past five years, other directorships held and age. There is no family relationship between any nominee and any other nominee or executive officer of the Company. For information regarding the beneficial ownership of the Common Stock by the current directors of the Company, see "Security Ownership of Management and Certain Beneficial Owners."

The Governance and Nominating Committee of the Board has nominated each of the following individuals based on various criteria, including, among others, a desire to maintain a balanced experience and knowledge base within the Board, the nominees' personal integrity and willingness to devote necessary time and attention to properly discharge the duties of director, and the ability of the nominees to make positive contributions to the leadership and governance of the Company.

The Board recommends that the stockholders vote FOR the following nominees for director.

Name	Age	Positions and Offices with Company	First Year As Company Director
Ronald M. DeFeo	57	Chairman of the Board, Chief Executive Officer and Director	1993
G. Chris Andersen	70	Lead Director	1992
Paula H. J. Cholmondeley	61	Director	2004
Don DeFosset	60	Director	1999
William H. Fike	72	Director	1995
Thomas J. Hansen	60	Director	2008
Dr. Donald P. Jacobs	81	Director	1998
David A. Sachs	49	Director	1992
Oren G. Shaffer	66	Director	2007
David C. Wang	64	Director	2008
Helge H. Wehmeier	66	Director	2002

Ronald M. DeFeo joined the Company on May 1, 1992, was appointed President and Chief Operating Officer of the Company on October 4, 1993, Chief Executive Officer (“CEO”) of the Company on March 24, 1995 and Chairman of the Board on March 4, 1998. Mr. DeFeo relinquished the titles of President and Chief Operating Officer of the Company on January 3, 2007. Pursuant to an Amended and Restated Employment and Compensation Agreement between Mr. DeFeo and the Company, dated as of October 14, 2008 (the “DeFeo Agreement”), Mr. DeFeo is to remain Chief Executive Officer of the Company through December 31, 2012 and the Company will use its best efforts, consistent with generally accepted best corporate governance standards, to have Mr. DeFeo elected Chairman of the Board during this time. Prior to joining the Company, Mr. DeFeo was a Senior Vice President of J.I. Case Company, the former Tenneco farm and construction equipment division, and also served as a Managing Director of Case Construction Equipment throughout Europe. While at J.I. Case, Mr. DeFeo was also a Vice President of North American Construction Equipment Sales and General Manager of Retail Operations. Mr. DeFeo serves as a director of Kennametal Inc. (a supplier of the Company).

G. Chris Andersen has been a merchant banker since 1996 and is currently a partner of G.C. Andersen Partners, LLC, a private merchant banking and advisory firm.

Paula H. J. Cholmondeley is currently a private consultant on strategic planning. Ms. Cholmondeley served as Vice President and General Manager of Sappi Fine Paper, North America from 2000 through 2004, where she was

responsible for their Specialty Products division. Ms. Cholmondeley held senior positions with various other companies from 1980 through 1998, including Owens Corning, The Faxon Company, Blue Cross of Greater Philadelphia, and Westinghouse Elevator Company, and also served as a White House Fellow assisting the U.S. Trade Representative during the Reagan administration. Ms. Cholmondeley, a former certified public accountant, is an alumnus of Howard University and received a Masters Degree in Accounting from the University of Pennsylvania, Wharton School of Finance. Ms. Cholmondeley is also a director of Dentsply International Inc., Ultralife Batteries, Inc., Albany International Corp. and Minerals Technologies Inc., and is an independent trustee of Nationwide Mutual Funds.

Don DeFosset retired in 2005 as Chairman, President and Chief Executive Officer of Walter Industries, Inc., a diversified company with principal operating businesses in homebuilding and home financing, water transmission products and energy services. Mr. DeFosset had served since November 2000 as President and CEO, and since March 2002 as Chairman, of Walter Industries. Previously, he was Executive Vice President and Chief Operating Officer of Dura Automotive Systems, Inc., a global supplier of engineered systems, from October 1999 through June 2000. Before joining Dura, Mr. DeFosset served as a Corporate Executive Vice President, President of the Truck Group and a member of the Office of Chief Executive Officer of Navistar International Corporation from October 1996 to August 1999. Mr. DeFosset also serves as a director of National Retail Properties Inc., Regions Financial Corporation and EnPro Industries, Inc.

William H. Fike has been President of Fike & Associates, a consulting firm, since January 2000. Mr. Fike retired as the Vice Chairman and Executive Vice President of Magna International Inc., an automotive parts manufacturer based in Ontario, Canada, in February 1999. Prior to joining Magna International in August 1994, Mr. Fike was employed by Ford Motor Company from 1965 to 1994, where he served most recently as a Corporate Vice President and as President of Ford Europe.

Thomas J. Hansen is Vice Chairman of Illinois Tool Works Inc. ("ITW"), a manufacturer of fasteners and components, consumable systems and a variety of specialty products and equipment, and is responsible for ITW's worldwide Automotive Components and Fastener, Fluids and Polymers, Industrial Metal and Plastic and Construction businesses. From 1998 until May 2006, Mr. Hansen served as Executive Vice President of ITW. Mr. Hansen joined ITW in 1980 as sales and marketing manager of the Shakeproof Industrial Products businesses and held several other positions with the company. Mr. Hansen is a member of the Northern Illinois University's Executive Club, a member of the Economics Club of Chicago, is Chairman of the ITW Better Government Council, and is a former member of the Board of Trustees of MAPI (Manufacturers Alliance).

Dr. Donald P. Jacobs is Dean Emeritus and the Gaylord Freeman Distinguished Professor of Banking of the J.L. Kellogg School of Management at Northwestern University, positions he has held since 2001. Prior to that, Dr. Jacobs was Dean of the Kellogg School from 1975 through 2001. He presently teaches government, strategy and international business. Dr. Jacobs also serves as a director of ProLogis Trust.

David A. Sachs is the Co-Chairman of the Capital Markets Group Investment Committee of Ares Management LLC, an investment management firm of which he was a founder in 1997. Mr. Sachs has been an investment banker and investment manager since 1981.

Oren G. Shaffer was the Vice Chairman and Chief Financial Officer of Qwest Communications International Inc. from 2002 to 2007. Prior to joining Qwest, Mr. Shaffer was President and Chief Operating Officer of Sorrento Networks, a maker of optical products, beginning in 2000. From 1994 to 1999, he was Chief Financial Officer of Ameritech Corporation, a telecommunications provider that was acquired by SBC Communications Inc. in 1999. Mr. Shaffer also serves as a director of Belgacom SA and Intermecc, Inc.

David C. Wang is President of Boeing China Inc. and Vice President of International Relations of The Boeing Company, a large aerospace company and a manufacturer of commercial jetliners and military aircraft, and has held these positions since November 2002. Prior to joining Boeing, Mr. Wang served as Chairman and CEO of General Electric China from 1997 to 2001. Prior to that, Mr. Wang served in various positions of increasing responsibility with General Electric since 1980. Mr. Wang is also a director of KLA-Tencor Corporation.

Helge H. Wehmeier retired in December 2004 as Vice-Chairman of Bayer Corporation, a post he held since July 1, 2002. Prior to that, Mr. Wehmeier served as President and Chief Executive Officer of Bayer Corporation from 1991 through June 2002. Mr. Wehmeier spent more than 35 years with Bayer AG, a diversified, international chemicals and health care group, in various positions of increasing responsibility, including senior management positions in both Europe and the United States. Mr. Wehmeier is an alumnus of the International Management Development Institute, Lausanne, Switzerland and Institut European d' Administration des Affaires, Fontainebleau, France. Mr. Wehmeier also serves as a director of PNC Financial Services Group, Inc., a diversified banking and financial services company, and Owens Illinois, Inc., a manufacturer of glass containers.

#### Board Meetings and Corporate Governance

The Board met seven times in 2008 at regularly scheduled and special meetings, including telephonic meetings. All of the directors in office during 2008 attended at least 75% of the meetings of the Board and all committees of the Board on which they served during 2008. It is the Company's policy, as stated in the Company's Governance Guidelines (the "Guidelines"), that each director is expected to attend the annual meeting of stockholders. All of the directors then in office attended the Company's previous annual stockholder meeting held on May 15, 2008.

It is the Company's policy that the Board consists of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange ("NYSE"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the requirements of any other applicable regulatory authority, including the SEC. The Board annually reviews the relationship of each director with the Company, and only those directors who the Board affirmatively determines have no material relationship with the Company are deemed to be independent directors. The Guidelines specifically define what is deemed to be a material relationship between the Company and an independent director. The following are the relationships that the Board considers in making its independence determination:

- (i) whether the director or any of his or her immediate family members is or was within the past five years an officer of the Company;
- (ii) whether the director is or was within the past five years an employee of the Company;
- (iii) whether the director or any of his or her immediate family members is or was during the past five years affiliated with, or employed by, any past or present auditor of the Company (or an affiliate);
- (iv) whether the director or any of his or her immediate family members is or was within the past five years part of an interlocking directorate in which an executive officer of the Company serves or served on the compensation committee of a company that concurrently employs or employed the director or any of his or her immediate family members;

- (v) whether the director is an executive officer, a partner, member, of counsel or beneficial owner of more than ten percent (10%) of the equity interest of a customer of, or a supplier of goods or services (including without limitation any investment banking firm or law firm) to, the Company where the amount involved in any of the last three fiscal years exceeds certain thresholds;
- (vi) whether the director is an executive officer, a partner or beneficial owner of more than ten percent (10%) of the equity interest of a company to which the Company was indebted at the end of any fiscal quarter during the Company's most recently completed fiscal year or current fiscal year in an amount in excess of five percent (5%) of the Company's total consolidated assets at the end of such fiscal year;
- (vii) whether the director is an executive officer, a partner or beneficial owner of more than ten percent (10%) of the equity interest of a company which was indebted to the Company;
- (viii) whether the director or any of his or her immediate family members was indebted to the Company, other than in the ordinary course of business of the Company and the business of the director or the member of his or her immediate family, as applicable, at the end of any fiscal quarter during the Company's most recently completed fiscal year or current fiscal year in an amount in excess of \$100,000 at the end of such fiscal year;
- (ix) whether the director is affiliated with a tax exempt entity that within the preceding three years received the greater of (x) \$1 million or (y) two percent (2%) of its consolidated gross revenues from the Company (based on the tax exempt entity's most recently completed fiscal year);
- (x) whether the director or any of his or her immediate family members is during the current fiscal year or was during the most recently completed fiscal year a party to a transaction or series of similar transactions with the Company or its subsidiaries (excluding director fees, stock options and other director compensation), other than on arms-length terms where the amount involved is not material to either party;
- (xi) whether the director or any of his or her immediate family members received more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service within the past three years; and
- (xii) whether the director has any other relationships with the Company or the members of management of the Company that the Board has determined to be material and which are not described in (i) through (xi) above.

After consideration of all applicable matters, the Board determined, based on the above criteria, that none of the directors has a material relationship with the Company other than as a director or as a stockholder except for Mr. DeFeo, who is not an independent director. Accordingly, the Board has determined that all of the nominees for director are independent directors except for Mr. DeFeo, who has been nominated to serve on the Board as a result of his position as Chief Executive Officer of the Company.

Directors who are employees of the Company receive no additional compensation by virtue of being directors of the Company. Outside directors receive compensation for their service as directors and reimbursement of their expenses incurred as a result of their service as directors. See "Director Compensation" for a detailed description of director compensation, including the Company's Common Stock ownership objective for outside directors.

Directors have complete access to management and the Company's outside advisors, and senior officers and other members of management frequently attend Board meetings at the discretion of the Board. It is the policy of the Board that non-management directors also meet privately in executive sessions without the presence of any members of management at each regularly scheduled meeting of the Board and at such other times as the Board shall

determine. In addition, the Board may retain and have access to independent advisors of its choice with respect to any issue relating to its activities, and the Company pays the expenses of such advisors.

Since 2003, the Board has determined that, because the offices of Chairman and Chief Executive Officer have been combined in Mr. DeFeo, it has been desirable for the Company to have an independent director serve as Lead Director of the Board. The Lead Director, in conjunction with the Chairman and the Chief Executive Officer, provides leadership and guidance to the Board. In addition, the Lead Director presides at all executive sessions of the non-management directors. Mr. Andersen was appointed Lead Director in 2006. While the Board believes that generally no director should serve as Lead Director for more than three consecutive years, a director may serve as Lead Director for more than three consecutive years if so approved by a majority of the Board. Although Mr. Andersen has served as Lead Director for three consecutive years, the Board believes that Mr. Andersen's continued leadership would be beneficial to the Board and accordingly, the directors intend to nominate Mr. Andersen as the Lead Director for an additional one-year term beginning in May 2009. Thereafter, the directors will review annually the desirability of having a Lead Director and, if the directors determine it best to continue to have a Lead Director, shall elect a Lead Director for the succeeding one-year period.

The Board and the Governance and Nominating Committee annually review the Company's corporate governance policies and practices and the Guidelines. The Board believes that the Guidelines effectively assist the Board in the exercise of its duties and responsibilities and serve the best interests of the Company. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management levels, with a view to achieving strategic objectives of the Company while enhancing stockholder value over the long term. The Board and the Governance and Nominating Committee will continue to review the Guidelines annually and may make changes as they determine are necessary and appropriate, including changes that may be necessary to comply with new or proposed laws, rules or regulations issued by the SEC and the NYSE. A copy of the Guidelines is available at the Company's website, [www.terex.com](http://www.terex.com), under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the Guidelines is available in print, without charge, to any stockholder who requests these materials from the Company.

If you wish to communicate with the Board, you may correspond by filing a report through Ethicspoint, 24 hours a day, 7 days a week, via the Internet at [www.ethicspoint.com](http://www.ethicspoint.com) or by calling, toll free, (877) 584-8488 or 1-877-ETHICSP. Reports should be submitted under the category "Director Communications." Ethicspoint is an independent third-party provider retained by the Company to offer a comprehensive, confidential and, upon request, anonymous reporting system for receiving complaints, grievances and communications. All communications received by Ethicspoint will be relayed to the Board.

The Board has an Audit Committee, Compensation Committee, Corporate Responsibility and Strategy Committee, and Governance and Nominating Committee.

#### Audit Committee Meetings and Responsibilities

The Audit Committee of the Board consists of Messrs. DeFosset (chairperson), Hansen, Jacobs, Shaffer and Wehmeier, each of whom is independent as defined in the listing standards of the NYSE and under the Exchange Act. The Audit Committee met 13 times during 2008.

Each member of the Audit Committee is required to be financially literate or must become financially literate within a reasonable time after appointment to the Audit Committee, and at least one member of the Audit Committee must have accounting or related financial management expertise. The Board, in its business judgment, believes that each of the current members of the Audit Committee is financially literate and that each of its members has accounting or financial management expertise: Mr. DeFosset through his business experience as a corporate executive, his involvement in preparing financial statements at various public companies and particularly his experience as a Chief Executive Officer of a public company; Mr. Hansen through his business experience as a corporate executive and his involvement in preparing financial statements as a senior executive of a large multinational company; Dr. Jacobs



through his years of experience teaching business, finance, management and accounting at the graduate level, as well as serving as a chairman of the public review board of a national accounting firm and as Chairman of the Board of Amtrak; Mr. Shaffer through his extensive experience and involvement in preparing financial statements as the Chief Financial Officer of a large public company; and Mr. Wehmeier through his business experience as a corporate executive and his involvement in preparing financial statements as a senior executive, including as a Chief Executive Officer, of a large multinational company. The Board has determined that each of Mr. DeFosset, Dr. Jacobs, and Mr. Shaffer is an “audit committee financial expert,” as such term is defined under the regulations of the SEC.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by meeting regularly with the Company's independent registered public accounting firm and operating and financial management personnel. The Audit Committee reviews the audit performed by the Company's independent registered public accounting firm and reports the results of such audit to the Board. The Audit Committee reviews the Company's annual financial statements and all material financial reports provided to the stockholders and reviews the Company's internal auditing, accounting and financial controls.

As stated in the Audit Committee Charter, the Audit Committee also reviews related party transactions and any other matters pertaining to potential conflicts of interest or adherence to the Company's standards of business conduct. Related party transactions must be approved by the Audit Committee, who will approve the transaction only if they determine that it is in the best interests of the Company. In considering the transaction, the Audit Committee will consider all relevant factors, including, as applicable: (i) the Company's business rationale for entering into the transaction; (ii) the alternatives to entering into a related party transaction; (iii) whether the transaction is on terms comparable to those available to third parties, or in the case of employment relationships, to employees generally; (iv) the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts; and (v) the overall fairness of the transaction to the Company.

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of, the independent registered public accounting firm. The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. On an annual basis, or more frequently as needed, the Chief Financial Officer of the Company provides the Audit Committee an estimate for the services needed and seeks pre-approval of such services from the Audit Committee. The Audit Committee considers whether such services are consistent with the rules of the SEC on auditor independence. The policy prohibits the Audit Committee from delegating to management the Audit Committee's responsibility to pre-approve permitted services of the independent registered public accounting firm.

Requests for pre-approval for services must be detailed as to the services to be provided and the estimated total cost and must be submitted to the Company's Chief Financial Officer. The Chief Financial Officer then determines whether the services requested fall within the guidance of the Audit Committee as to the services eligible for pre-approval. If the service was not of a type that was already pre-approved or the estimated cost would exceed the amount already pre-approved, then the Chief Financial Officer seeks pre-approval of the Audit Committee on a timely basis.

The Audit Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the SEC and the NYSE. A copy of the Audit Committee Charter is available at the Company's website, [www.terex.com](http://www.terex.com), under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests these materials from the Company. This charter sets out the responsibilities, authority and duties of the Audit Committee.

See “Audit Committee Report” for a discussion of the Audit Committee’s review of the audited financial statements of the Company for the Company’s fiscal year ended December 31, 2008.

#### Compensation Committee Meetings and Responsibilities

The Compensation Committee of the Board consists of Messrs. Sachs (chairperson), DeFosset, Fike, Shaffer and Wang, each of whom is independent as defined in the listing standards of the NYSE. The Compensation Committee met seven times during 2008.

Each member of the Compensation Committee must have a basic understanding of the components of executive compensation and the role of each component as part of a comprehensive program linking compensation to corporate and individual performance in support of the Company’s objectives.

The Compensation Committee assists the Board in its responsibilities regarding compensation of the Company’s senior executives and outside directors, including overall responsibility for approving, evaluating and modifying the Company’s plans, policies and programs for compensation of key management personnel. The Compensation Committee establishes compensation arrangements for executive officers and for certain other key management personnel.

The Compensation Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the NYSE. A copy of the Compensation Committee Charter is available at the Company’s website, [www.terex.com](http://www.terex.com), under “About Terex” – “Investor Relations” – “Corporate Governance.” In addition, a copy of the charter is available in print, without charge, to any stockholder who requests these materials from the Company. This charter sets out the responsibilities, authority and duties of the Compensation Committee. The charter does not provide for any delegation of the Compensation Committee’s duties.

See “Compensation Discussion and Analysis” for a description of the Company’s executive compensation philosophy and executive compensation program, including a discussion of how the compensation of the Company’s executive officers was determined.

#### Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee served as one of the Company’s officers or employees during 2008 or was formerly an officer of the Company. None of the Company’s executive officers served as a member of the compensation committee of any other company that has an executive officer serving as a member of the Board or Compensation Committee during 2008. None of the Company’s executive officers served as a member of the board of directors of any other company that has an executive officer serving as a member of the Compensation Committee during 2008.

#### Corporate Responsibility and Strategy Committee Meetings and Responsibilities

The Corporate Responsibility and Strategy Committee of the Board consists of Ms. Cholmondeley (chairperson), and Messrs. Fike, Sachs and Wang, each of whom is independent as defined in the listing standards of the NYSE. The Corporate Responsibility and Strategy Committee was created by the Board in October 2008 and met once during 2008.

The Corporate Responsibility and Strategy Committee assists the Board in fulfilling its oversight responsibility of the Company’s social responsibilities as well as reviewing management’s long-term strategic planning. The Committee assesses policies and activities of the Company in light of the interests of the Company’s stockholders and the ethical

principles expected of a socially responsible corporation.

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## Governance and Nominating Committee Meetings and Responsibilities

The Governance and Nominating Committee of the Board consists of Messrs. Wehmeier (chairperson), Hansen and Jacobs and Ms. Cholmondeley, each of whom is independent as defined in the listing standards of the NYSE. The Governance and Nominating Committee met four times during 2008.

The Governance and Nominating Committee plays a central role in planning the size and composition of the Board, developing criteria and implementing the process of identifying, screening and nominating candidates for election to the Board, recommending corporate governance guidelines and actions to improve corporate governance and evaluating individual director and full Board performance. The Governance and Nominating Committee is responsible for overseeing a review and assessment of the performance of the Board and its committees at least annually, including establishing the evaluation criteria and implementing the process for evaluation.

The Governance and Nominating Committee will consider as candidates for nomination as directors individuals who have been recommended by the Company's stockholders, directors, officers, third party search firms and other sources. For details on how stockholders may submit nominations for directors, see "Stockholder Proposals."

The Company paid fees to an unaffiliated third party search firm in 2008 to assist the Governance and Nominating Committee in identifying and screening possible candidates for nomination, including Thomas J. Hansen and David C. Wang, and also conducted appropriate background and reference checks on such candidates.

In evaluating a candidate, the Governance and Nominating Committee considers the attributes of the candidate, including his or her independence, integrity, diversity, experience, sound judgment in areas relevant to the Company's businesses, and willingness to commit sufficient time to the Board, all in the context of an assessment of the perceived needs of the Board at that point in time. Maintaining a balanced experience and knowledge base within the total Board shall include considering whether the candidate: (i) is a CEO, or has similar work experience, in companies engaged in capital and industrial goods industries; (ii) has significant direct management experience of multinational business operations; (iii) has extensive knowledge and experience in financial services and capital markets; and (iv) has unique knowledge and experience and can provide significant contributions to the Board's effectiveness. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with his or her service as a director. There are no specific, minimum qualifications that the Governance and Nominating Committee believes must be met by a candidate. All candidates are reviewed in the same manner, regardless of the source of the recommendation.

The Governance and Nominating Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the NYSE. A copy of the Governance and Nominating Committee Charter is available at the Company's website, [www.terex.com](http://www.terex.com), under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests these materials from the Company. This charter sets out the responsibilities, authority and duties of the Governance and Nominating Committee.

SECURITY OWNERSHIP OF MANAGEMENT  
AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding the beneficial ownership of the Common Stock by each person known by the Company to own beneficially more than 5% of the Company's Common Stock, by each director, by each director nominee, by each executive officer of the Company named in the summary compensation table below, and by all directors and executive officers as a group, as of March 1, 2009 (unless otherwise indicated below). Each person named in the following table has sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the table. Shares of Common Stock that any person has a right to acquire within 60 days after March 1, 2009, pursuant to an exercise of options or otherwise, are deemed to be outstanding for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding for computing the percentage ownership of any other person shown in the table.

NAME AND ADDRESS OF BENEFICIAL OWNER (1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (2)	PERCENT OF CLASS
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	6,473,847(3)	6.8%
G. Chris Andersen	206,444(4)	*
Paula H. J. Cholmondeley	12,816	*
Ronald M. DeFeo	1,538,716(5)	1.6%
Don DeFosset	72,734(6)	*
William H. Fike	101,126(7)	*
Thomas J. Hansen	5,335	*
Dr. Donald P. Jacobs	60,585(8)	*
David A. Sachs	307,554(9)	*
Oren G. Shaffer	13,171	*
David C. Wang	5,997	*
Helge H. Wehmeier	41,071	*
Phillip C. Widman	289,543(10)	*
Thomas J. Riordan	274,497	*
Timothy A. Ford	91,543(11)	*

Richard Nichols	147,580(12)	*
All directors and executive officers as a group (20 persons)	3,764,014(13)	3.9%

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\* Amount owned does not exceed one percent (1%) of the class so owned.

- (1) Unless indicated otherwise, each person's principal address is c/o Terex Corporation, 200 Nyala Farm Road, Westport, CT 06880.
- (2) Certain executive officers and directors maintain margin securities accounts, and the positions held in such margin accounts, which may from time to time include shares of Common Stock, are pledged as collateral security for the repayment of debit balances, if any, in the accounts. At March 1, 2009, no executive officer or director had debit balances in such accounts.
- (3) Barclays Global Investors, NA ("Barclays") filed a Schedule 13G, dated February 6, 2009, disclosing the beneficial ownership of 6,473,847 shares of Common Stock. This includes Barclays having sole voting power over 5,204,546 shares of Common Stock and sole dispositive power over 6,473,847 shares of Common Stock.
- (4) Includes 5,174 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (5) Includes 190,143 shares that are owned indirectly by Mr. DeFeo through a grantor retained annuity trust. Also includes 333,230 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (6) Includes 2,587 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (7) Includes 2,587 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (8) Includes 13,826 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (9) Includes 7,800 shares of Common Stock owned by Mr. Sachs' wife. Mr. Sachs disclaims the beneficial ownership of such shares. Also includes 27,524 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (10) Includes 47,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (11) Includes 5,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (12) Includes 36,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.
- (13) Includes 565,393 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.



## EXECUTIVE OFFICERS

The following table sets forth, as of March 25, 2009, the respective names and ages of the Company's executive officers, indicating all positions and offices held by each such person. Each officer is elected by the Board to hold office for one year or until his or her successor is duly elected and qualified.

NAME	AGE	POSITIONS AND OFFICES WITH COMPANY
Ronald M. DeFeo	57	Chairman of the Board, Chief Executive Officer and Director
Thomas J. Riordan	52	President and Chief Operating Officer
Phillip C. Widman	54	Senior Vice President and Chief Financial Officer
Eric I Cohen	50	Senior Vice President, Secretary and General Counsel
Brian J. Henry	50	Senior Vice President, Finance and Business Development
Kevin A. Barr	49	Senior Vice President, Human Resources
Stoyan (Steve) Filipov	40	President, Developing Markets and Strategic Accounts
Timothy A. Ford	47	President, Terex Aerial Work Platforms
Richard Nichols	47	President, Terex Cranes
Eric A. Nielsen	49	President, Terex Materials Processing & Mining

For information regarding Mr. DeFeo, refer to the section above titled "Election of Directors."

Thomas J. Riordan became President and Chief Operating Officer ("COO") of the Company on January 3, 2007. Prior to joining the Company, Mr. Riordan was Executive Vice President and Chief Operating Officer of SPX Corporation, a diversified global industrial manufacturer. From 1996 to 2006, he held a number of positions of increasing responsibility at SPX, resulting in his appointment as Executive Vice President and Chief Operating Officer of SPX. Prior to joining SPX, he was President of Portland, Oregon based Consolidated Sawmill Machinery International. Prior to that, Mr. Riordan held a series of manufacturing and management positions of increasing responsibility with J.I. Case and Borg-Warner Automotive.

Phillip C. Widman was appointed Senior Vice President and Chief Financial Officer of the Company on September 16, 2002. Prior to joining the Company, Mr. Widman served as Executive Vice President, Chief Financial Officer of Philip Services Corporation, an industrial outsourcing and metal services company, from 1998 to 2001, and as an independent consultant from 2001 to 2002. Prior to joining Philip Services, Mr. Widman worked at Asea Brown Boveri Ltd. ("ABB") for eleven years in various financial and operational capacities in the transportation, power generation and power distribution businesses. During his last two years at ABB, he served as Vice President, Chief Financial Officer and Supply Management of its diverse businesses in the United States. Additionally, Mr. Widman's experience includes twelve years with Unisys Corporation in a variety of financial roles. Mr. Widman serves as a director of The Lubrizol Corporation.

Eric I Cohen became Senior Vice President, Secretary and General Counsel of the Company on January 1, 1998. Prior to joining the Company, Mr. Cohen was a partner with the New York City law firm of Robinson Silverman Pearce Aronsohn & Berman LLP (which firm has since merged with Bryan Cave LLP) since January 1992 and was an associate attorney with that firm from 1983 to 1992.



Brian J. Henry was appointed Senior Vice President, Finance and Business Development on October 18, 2002. Mr. Henry previously held the positions of Vice President, Finance and Business Development, Vice President-Finance and Treasurer, and Vice President-Corporate Development and Acquisitions. Mr. Henry also served as the Company's Director of Investor Relations. Mr. Henry has been employed by the Company since 1993. From 1990 to 1993, Mr. Henry was employed by KCS Industries, L.P. and its predecessor, KCS Industries, Inc., an entity that until December 31, 1993, provided administrative, financial, marketing, technical, real estate and legal services to the Company and its subsidiaries.

Kevin A. Barr was named Senior Vice President, Human Resources of the Company on January 3, 2006. Prior to that, Mr. Barr had been serving as Vice President, Human Resources of the Company since September 25, 2000. Prior to joining the Company, Mr. Barr served as Vice President-Human Resources at DBT Online since 1998. From 1995 to 1998, Mr. Barr was at Nabisco, Inc. as Vice President-Human Resources, Asia/Pacific. Prior to that, Mr. Barr served as Vice President-Human Resources, Asia/Pacific and Latin America with Dun and Bradstreet Corporation from 1990 to 1995, and in various human resources executive positions at Chase Manhattan Bank, N.A. from 1981 to 1990.

Stoyan (Steve) Filipov was named President, Developing Markets and Strategic Accounts on January 16, 2008. Prior to that, Mr. Filipov had been serving as President, Terex Cranes since January 1, 2004. At that time, Mr. Filipov had been serving as President of the international operations for Terex Cranes since July 1, 2002. Prior to that Mr. Filipov held various other positions with a number of the Company's international businesses. Mr. Filipov started with the Company on September 1, 1995 as Export Manager for one of the Company's crane operations in France.

Timothy A. Ford became President, Terex Aerial Work Platforms on October 2, 2006. Prior to joining the Company, since 2005, Mr. Ford was Executive Vice President of The Toro Company, a lawn care and turf maintenance product and service provider. Previous to that, Mr. Ford held various senior executive positions with The Toro Company since 2001. Prior to that, he held various senior management positions with Honeywell International from 1998 through 2001. Mr. Ford began his career at General Electric in 1985, progressing through a series of positions in a variety of disciplines culminating in General Manager, GE Lighting from 1994 through 1997.

Richard Nichols was named President, Terex Cranes on January 16, 2008. At that time, Mr. Nichols had been serving as President, Terex Materials Processing & Mining since January 23, 2004. Prior to that, Mr. Nichols served as the Company's Vice President and General Manager, Infrastructure since April 2003. Mr. Nichols previously held the position of Vice President and General Manager of Terex Mining Trucks since joining the Company in October 2000. Prior to joining the Company, Mr. Nichols spent 15 years in the aerospace industry at Honeywell International Inc. in various senior management positions.

Eric A. Nielsen became President, Terex Materials Processing & Mining on June 9, 2008. Prior to joining the Company, Mr. Nielsen spent 15 years at Volvo Construction Equipment, a global construction equipment manufacturer, in a number of positions of increasing responsibility, most recently as President and Chief Executive Officer, Volvo Excavators and Volvo Group Korea. Prior to his time at Volvo Construction Equipment, he held various leadership positions at WECO Metals and FMC Corporation.

## Code of Ethics and Conduct

The Company has adopted a code of ethics and conduct that applies to all of its directors and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer, among others. This code of ethics and conduct is a set of written standards reasonably designed to deter wrongdoing and to promote: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the code. The Company periodically reviews, updates and revises its code of ethics and conduct when it considers appropriate. A copy of the current code of ethics and conduct is available at the Company's website, [www.terex.com](http://www.terex.com), under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the code of ethics and conduct is available in print, without charge, to any stockholder who requests these materials from the Company.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Compensation Philosophy

The objectives of the Company's executive compensation program are to: (i) attract and retain executives with the skills critical to the long-term success of the Company; (ii) motivate and reward individual and team performance in attaining business objectives and maximizing stockholder value; and (iii) link a significant portion of compensation to achieving performance goals and appreciation in the total stockholder return of the Company, so as to align the interests of the executives with those of the stockholders. In keeping with its vision of being the best place to work in its industry, the Company seeks to attract executive officers with superb skills and leadership abilities.

To meet these objectives, the Company designs its total compensation program to be motivational and competitive with the programs of other corporations of comparable revenue size, corporations in the same industry, corporations with which the Company competes for executives, and other manufacturing corporations that may not be in the same industry as the Company but that provide similar returns to their stockholders, as well as to be fair and equitable to both the executives and the Company.

The Company's compensation program is built around a philosophy of targeting market-median base salary compensation with incentive components of compensation that can reflect positive, as well as negative, Company and individual performance. The Company's objective with respect to base salary is to provide its executive officers with competitive salaries that are, on average, at or slightly below the 50th percentile of the Benchmark Companies (as defined below).

The Compensation Committee (the "Committee") believes that the Company's compensation program should deliver top-tier compensation given top-tier individual and Company performance. Likewise, where individual performance falls short of expectations and/or Company performance lags the industry, the programs should deliver lower-tier compensation. Consequently, the Company's objective with respect to incentive compensation is to provide its executive officers with bonuses and long-term incentive award targets that are generally within the third quartile of the Benchmark Companies.

The Committee believes that its objectives of pay-for-performance and retention should be appropriately balanced even in periods of temporary downturns, so that programs should continue to ensure that successful, high-achieving executives will remain motivated and committed to the Company during all phases of the business cycle.

When determining an executive officer's compensation package, there are a number of factors that the Committee takes into account. Consideration is given to the executive's overall responsibilities, professional qualifications, business experience, job performance, technical expertise and career potential, as well as the combined value of these factors to the Company's immediate and long-term performance and growth. The Committee believes that generally more than half of an executive's total compensation should be aligned with the performance of the Company. Therefore, an executive officer will receive a significant portion of his or her compensation in an annual bonus and long-term incentive awards, a majority of which is linked to the performance of the Company.

The allocation in compensation between current and long-term compensation is based on global employment market conditions with an emphasis on attraction and retention, as well as attempting to motivate executive officers to achieve excellent results. Typically, an executive will receive less than half of his/her total compensation in salary. Generally, as an executive has greater responsibility within the Company, salary will be a less significant portion of the executive's total compensation. Accordingly, as an executive officer's level of responsibility increases, it is the intent of the Committee to have the largest portion of that executive's compensation be dependent on the Company's performance.



When determining the size of equity awards, the Committee believes that there is merit in taking into account the amount of equity that an executive owns in the Company, and the Committee undertook an extensive review in 2008 of the equity ownership in the Company of each of the executives. However, the overriding factor in determining the size and amount of future equity grants is ensuring that grants are motivational and measurable, while providing competitive equity grants that are determined based on grant date economic value.

The Committee annually reviews all components of an executive officer's compensation, including the CEO's, which includes a detailed review of an executive's salary, bonus, long-term incentives, realized and unrealized equity gains, dollar value of perquisites received, earnings and accumulated payments under the Deferred Compensation Plan, projected payments under the Company's supplemental executive retirement plans and tally sheets setting forth the amounts that would be paid under various termination events. Examples of this review are described throughout the "Compensation Discussion and Analysis" and "Executive Compensation" sections of this Proxy Statement.

The Committee has the sole authority to hire and dismiss outside compensation consultants to the Committee. The Committee retained Hewitt Associates ("Hewitt"), an independent, outside consultant, to support it in determining the compensation of the Company's executive officers, including its CEO. Hewitt was not given a narrow list of instructions but rather was engaged to provide the Committee with any and all information and advice that might assist the Committee in performing its duties and analyzing executive pay packages. Hewitt provides the Committee with compensation data that it utilizes in making its decisions. In addition, Hewitt provides the Company with compensation data for certain of its non-executive officers that is comparable to the data provided for the Company's executive officers.

One of the principal methods that the Committee uses to determine compensation is to benchmark the Company's executive officer's compensation against the compensation of executive officers at comparable companies (the "Benchmark Companies"). The Benchmark Companies include global corporations of similar size and similar industries to the Company, and also companies that the Company competes with for talent. In addition, the Benchmark Companies include manufacturing companies that are not in the same industry as the Company, but that have historically provided similar returns for their stockholders. The companies currently comprising the Benchmark Companies are:

3M Company	FMC Technologies, Inc.	Oshkosh Corporation
AGCO Corporation	General Electric Company*	PACCAR Inc.
Astec Industries, Inc.	Honeywell International Inc.*	Parker Hannifin Corporation
Caterpillar Inc.	Illinois Tool Works Inc.	Rockwell Automation, Inc.
Cameron International Corporation	Ingersoll-Rand Company Limited	Sauer-Danfoss Inc.
Cummins Inc.	ITT Corporation	Textron Inc.
Danaher Corp.	Johnson Controls, Inc.*	The Black & Decker Corporation
Deere & Company	Joy Global Inc.	The Manitowoc Company, Inc.
Dover Corporation	Masco Corporation	United Technologies Corporation*
Eaton Corporation		

\* The Benchmark Companies that are denoted with an asterisk are companies that are used to benchmark the compensation of the heads of certain of the Company's business units, but are not used to benchmark the compensation of the Company's corporate functional executives or its CEO.

The Benchmark Companies have a median annual revenue that is close to that of the Company, although there is a significant variance in size among the Benchmark Companies. The Committee and its compensation consultants believe that some variability in annual revenue size is desirable to be able to predict pay levels on a size adjusted basis (using a solid regression line of external pay information).



In general, the Company's executive officers receive their salary and bonus in cash, while their long-term compensation components are received in equity. Historically, equity awards had been given in both restricted stock and options. Over the past several years, the Company has moved towards granting restricted stock awards only, with an increasing emphasis on performance based shares. For the last three annual grant cycles, there were no options awarded to executive officers. The long-term compensation awards granted in 2009 were a mix of stock and cash based awards due to the Committee's concern that the granting of long-term awards solely in stock would have had too much of a dilutive effect on the Company's stockholders.

#### Executive Compensation Program

Compensation is based on the level of job responsibility, individual performance, and Company performance. As executives progress to higher levels in the Company, an increasing proportion of their pay is linked to Company performance and stockholder returns, because in these roles the executives have a greater ability to affect the Company's results.

The Committee's aim is to achieve the proper balance between individual goals, the corporate strategic plan and enhancing stockholder value and stockholder interests. Each year the Committee, which is comprised entirely of independent directors, determines the compensation arrangements, with guidance from Hewitt, for the Company's executive officers, including the Named Executive Officers (as defined below). The Committee relies on both Hewitt and the Company's human resources department for support in its work. The CEO plays an integral role, in conjunction with the Committee, in determining the compensation of the other executive officers of the Company.

Under the Company's performance management system, the CEO and the COO annually evaluate each of the Company's senior executives that report to them. This assessment includes setting goals for the coming year for each senior executive and periodically evaluating the senior executive's performance against the goals for the prior year. Consistent with the Committee's charter, the CEO then makes recommendations to the Committee regarding the performance goals and the compensation of the Company's senior executives. Typically, the CEO also makes recommendations to the Committee regarding salary increases, bonus targets and amounts, and equity grants for each of the other executive officers of the Company. These recommendations are made after the CEO's review of compensation materials provided by Hewitt.

The executive compensation program has three principal components: short-term compensation (salary and annual bonus), long-term incentive compensation and post-employment compensation, each of which is described below. While the components of compensation are considered separately, the Committee takes into account the full compensation package afforded by the Company to the individual executive and utilizes tally sheets that set forth the total compensation earned by each of the executives.

#### Internal Pay Equity

As is the case with many companies, the Company relies more heavily on the management and leadership skills of its Chairman and CEO than that of its other named executive officers. Mr. DeFeo has been with the Company since 1992, has been CEO since 1995 and Chairman since 1998, and has overseen the transformation of Terex during that time. As a result, Mr. DeFeo receives a significantly greater amount of compensation than the other named executive officers.

#### Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), limits to \$1 million a year the deduction that a publicly held corporation may take for compensation paid to each of its chief executive officer and

the three other most highly compensated employees other than the chief financial officer, unless the compensation is “performance-based.” Performance-based compensation must be based on the achievement of pre-established, objective performance goals under a plan approved by stockholders.

In order to reduce or eliminate the amount of compensation that would not qualify for a tax deduction should the compensation of the CEO or any other executive officer exceed \$1 million in any year, the Company's 1999 Long Term Incentive Plan (the "1999 LTIP"), 2004 Annual Incentive Compensation Plan (the "Annual Incentive Plan"), 2000 Incentive Plan (the "2000 Plan") and 1996 Long Term Incentive Plan (the "1996 Plan") were submitted to and previously approved by the Company's stockholders, so that amounts earned thereunder by certain employees will qualify as performance-based. The Company is also submitting the Terex Corporation 2009 Omnibus Incentive Plan for approval by the Company's stockholders at the Meeting.

#### Short-Term Compensation

##### Salary

Salary is determined by evaluating the responsibilities of the position held, the individual's past experience in his/her current position, current performance, future potential and the competitive marketplace for executive talent. The Company's objective is to provide its executive officers with competitive salaries that are, on average, at or slightly below the median of the Benchmark Companies. Salaries are reviewed annually to ensure that strong performance is reflected in any increase in an executive's base salary level. The Committee believes that salary ranges for the Company's executive officers in 2008 were, in the aggregate, slightly above the 50th percentile of the Benchmark Companies.

In March 2008, the Committee approved increases in the annual base salary for the executives, other than the CEO, of approximately 5% in the aggregate, effective April 1, 2008. The key factors that the Committee considered in reaching this decision were that the Company's growth had outpaced the growth of most of the Benchmark Companies and that the executives who received the greatest percent increase were the executives who were the furthest below the 50th percentile and who received strong performance reviews. The CEO did not receive an increase in annual base salary in 2008, as the Committee had previously determined when it approved an increase in his salary in May 2007, effective July 1, 2007, that he would not be eligible for a salary increase until 2009.

In December 2008, the Committee determined, based upon recommendations from the CEO and management, that it would not be increasing base salaries for the executive ranks of the Company in 2009. This was in recognition of the challenging market conditions that the Company faces along with the uncertainty of the 2009 global economic outlook. In March 2009, the Company implemented a program which will result in the base salaries for its executive officers being reduced by 10% for the remainder of 2009. This program may include some reductions in work schedule. The salary reductions do not affect other compensation and benefit programs, such as targets for bonus compensation, pension plan calculations and certain other items, which will continue to be based upon the applicable base salary prior to the reduction.

##### Annual Cash Bonus

In addition to salary, each executive officer is eligible for an annual cash bonus under the Annual Incentive Plan, which was adopted by the Board and the stockholders of Terex in 2004. Bonuses are given based upon the Company's performance and the executive's individual performance, both measured against previously determined targets. The individual targets are financial and non-financial, and contain individual and Company performance measures. The CEO's bonus target is two times his base salary. The bonus targets of the other executive officers generally range from 50% - 100% of their base salary.



The Company's objective is to provide its executive officers with competitive bonuses that are generally within the third quartile of bonus target percentage ranges for the Benchmark Companies. The objective of the management annual incentive bonus program is to provide bonus opportunity and reward executives when their actions drive the overall performance of the Company. For performance that meets the pre-determined objectives, the executive would receive 100% of the bonus target. For performance that fails to meet the pre-determined objectives, but which is within a satisfactory range of achievement, the executive would receive less than 100% of the bonus target, with the actual payment amount corresponding directly with the level of achievement under the predetermined target. Alternatively, for performance that exceeds the pre-determined objectives, the executive would receive greater than 100% of the bonus target, with the actual payment amount corresponding directly with the level of achievement in excess of the predetermined target. For each 1% increase or decrease in attainment above or below the bonus target, the payment will increase or decrease by 2.5%. For attainment at or above 120% of the bonus target, the payment will be capped at 150%. If attainment is at 80% of the bonus target, the payment will be 50%. For attainment below 80% of the bonus target, no payment would be made.

The amount of an executive's annual bonus is greatly dependent on how the Company performs and on how the individual performs in helping the Company reach its objectives. While there is downside risk to the executive in having a performance component that can result in no bonus for less than 80% achievement, there is also an upside opportunity (bonus payments of up to 150% of target levels) if the Company and the individual both perform well. This meets the Committee's objective that superior performance that adds value to the Company should be rewarded and performance that does not meet expectations should have significant consequences. The Committee, in its sole discretion, may increase, decrease or eliminate the payment of a bonus to any executive officer who is not a Covered Employee (as defined in Section 162(m) of the Code) under certain extraordinary events in accordance with the bonus plan.

In 2008, for executive officers with corporate functional responsibilities who reported directly to the Company's CEO or COO, 60% of the bonus target was based upon an after-tax return on invested capital ("ROIC") measurement determined at the overall Terex level and the other 40% was based on individual performance areas under the individual's control and influence. For 2008, the targeted ROIC value was 23.0%, which was based upon the 2008 budgeted operating forecast of the Company, approved by the Board in December 2007 and adjusted to reflect the acquisition of A.S.V., Inc. by the Company in 2008.

In 2008, for executive officers who reported directly to the COO and who have direct operating responsibility, 40% of the bonus target was based on ROIC (with the same target ROIC as described above), 20% based on Business Segment Performance, and 40% based on individual performance. Business Segment Performance was based upon an equal rating of cash flow and operating earnings at the operating segment level, with performance measured against approved management-operating plans. For 2008, the operating earnings targets for the Company's Aerial Work Platforms and Cranes segments were \$525.0 million and \$300.2 million, respectively. For 2008, the cash flow targets for the Company's Aerial Work Platforms and Cranes segments were \$505.1 million and \$235.1 million, respectively.

ROIC was determined by dividing the sum of Net Operating Profit After Tax (as defined below) for each of the previous four quarters by the average of the sum of Total stockholders' equity plus Debt (as defined below) less Cash and cash equivalents for the previous five quarters. Net Operating Profit After Tax for each quarter was calculated by multiplying Income from operations by a figure equal to one minus the effective tax rate of the Company. The effective tax rate was equal to the (Provision for) benefit from income taxes divided by Income before income taxes for the respective quarter. Debt was calculated using the amounts for Notes payable and current portion of long-term debt plus Long-term debt, less current portion. Non-cash impairment charges are not included in the calculation of ROIC as the Committee does not believe they are indicative of returns on invested capital.



The Committee uses ROIC as one of the primary measures to assess operational performance, as it measures how effectively the Company uses money invested in its operations, and the Committee believes this is a metric that is strongly aligned to stockholder interests. For example, ROIC highlights the level of value creation when compared to the Company's cost of capital. The after tax measurement of ROIC is important because the Committee believes tax performance is an important component of the Company's overall performance. The Committee uses operating earnings and cash flow as additional measures to assess operational performance, as operating earnings shows the relationship between sales and costs for a business and the generation of cash provides the Company with the opportunity to pursue opportunities that enhance stockholder value.

Individual performance for each of the executive officers could include all or any combination of personal goals, talent development, business development, inventory management and operational excellence, as well as other financial and non-financial measurements. The CEO and COO are responsible for determining individual performance measurements for each of their direct reports. The individual performance calculation for the executive officers, other than the CEO, is done on a holistic basis in evaluating the achievement of such goals rather than based upon a rigid formula. The difficulty in achieving the targeted goals depends on a variety of factors, some of which are in the executive's control and some of which are not. These targets are established annually based on the business plan of the Company for the coming year and in conjunction with the executive's annual review by the CEO and/or COO. If the Company achieves its business plan objectives for the year, the Committee believes the goals are attainable.

The following table shows the total 2008 Annual Incentive Plan bonus payout and details the bonus amount that was earned for the quantitative and qualitative portions of the 2008 Annual Incentive Plan bonus for each of the named executive officers other than the CEO.

Name	Quantitative Bonus	Qualitative Bonus	Total Bonus
Phillip C. Widman	\$ 139,015	\$ 197,353	\$ 336,368
Thomas J. Riordan	\$ 274,726	\$ 390,013	\$ 664,739
Timothy A. Ford	\$ 79,995	\$ 136,277	\$ 216,272
Richard Nichols	\$ 161,633	\$ 160,402	\$ 322,035

For 2008, the Committee approved a bonus plan for Mr. DeFeo with an overall total bonus target of 200% of his base salary, which equated to a bonus target of \$2,300,000. This was contingent on Mr. DeFeo satisfying both quantitative financial performance measures and qualitative performance measures.

The 2008 quantitative financial performance measures for Mr. DeFeo focused on three specific areas of financial performance:

Performance Measure	Weighting (%)	Target	Achievement
ROIC	30%	23.0%	19.2%
Earnings Per Share, on a fully diluted basis ("EPS")	10%	\$ 6.60	\$ 5.50
Management of Working Capital (as described below)	10%	69 net cash days	107 net cash days

For 2008 for Mr. DeFeo, the targeted EPS number was \$6.60, which was based on the Company's budget for 2008 approved by the Board in December 2007. EPS achievement was calculated by excluding the Company's goodwill impairment charge and other non-recurring items. Non-cash impairment charges and other non-recurring items are not included in the calculation of EPS as the Committee does not believe these charges are related to the core operating performance of the Company.





Management of working capital was measured based on a target of net cash days. Net cash days are determined by using the following mathematical formula: (i) the number of days sales are outstanding (“DSO”), plus the inventory turn rate (measured in days), minus (ii) the number of days payables are outstanding (“DPO”). The result of this calculation will determine the net number of cash days. Mr. DeFeo’s target is based on the Company’s budget for 2008 approved by the Board in December 2007. DSO is calculated by dividing Trade receivables by the trailing three months Net sales multiplied by four, which ratio is multiplied by 365 days. Inventory turn rate is calculated by dividing Inventories by the product of the trailing three months Cost of goods sold multiplied by four, which ratio is multiplied by 365 days. DPO is calculated by dividing Trade accounts payable by the product of the trailing three months Cost of goods sold multiplied by four, which ratio is multiplied by 365 days.

Mr. DeFeo had a number of qualitative performance measures that were considered in determining his award under the Plan. The following table provides a detailed listing of the qualitative performance measures that were considered by the Committee and their percent weighting:

Performance Measure	Weighting (%)	Goals
Talent Development, Diversity and Succession Planning	7.5%	Continue to develop and diversify talent base. Develop and implement new programs to recruit and retain talent.
Financial Controls, Ethics and Information Technology	7.5%	Continue education of the finance department and improvements in internal audit. Introduce a compliance officer culture. Focus on implementation of the Terex Management System.
Corporate Operational Initiatives	10%	Enhance supply chain purchasing savings initiatives. Re-focus strategic accounts team and integrate ASV into the Company.
Corporate Marketing Initiatives	10%	Continue to build marketing capabilities, including analyzing and acting upon market share and research data. Recommend brand building strategy.
Making Terex a Better Place to Work	5%	Continue to improve team member communication. Develop a measurement tool to assess team member commitment and engagement. Increase focus on team member health and safety.
Business Development	5%	Continue to pursue mergers and acquisitions that are attractive to the Company, including bolt-on transactions. Continue to build strategic planning capability at the Company’s operating locations.
Financial Structure	5%	Continue to use the Company’s balance sheet, including implementing the Company’s stock repurchase program.

The following tables detail the quantitative and qualitative portions of Mr. DeFeo's 2008 Annual Incentive Plan bonus amount.

Quantitative Bonus Goal	Quantitative Bonus Target Amount	Quantitative Bonus Amount
ROIC	\$ 690,000	\$ 405,030
EPS	\$ 230,000	\$ 134,090
Management of Working Capital	\$ 230,000	\$ 0
Total	\$ 1,150,000	\$ 539,120

Qualitative Bonus Goal	Qualitative Bonus Target Amount	Qualitative Bonus Amount
Talent Development, Diversity and Succession Planning	\$ 172,500	\$ 129,375
Financial Controls, Ethics and Information Technology	\$ 172,500	\$ 129,375
Corporate Operational Initiatives	\$ 230,000	\$ 115,000
Corporate Marketing Initiatives	\$ 230,000	\$ 172,500
Making Terex a Better Place to Work	\$ 115,000	\$ 86,250
Business Development	\$ 115,000	\$ 0
Financial Structure	\$ 115,000	\$ 0
Total	\$ 1,150,000	\$ 632,500

The qualitative measures accounted for \$632,500 of the \$1,171,620 total 2008 Annual Incentive Plan bonus amount that the CEO earned. Based on the foregoing, Mr. DeFeo was entitled to a bonus in the amount of \$1,171,620. However, as the Company has been making significant headcount reductions and implementing other cost reductions, Mr. DeFeo believed that he should lead by example and share some of the economic burden and voluntarily declined receipt of his bonus. Notwithstanding that Mr. DeFeo has declined his bonus for 2008, the \$1,171,620 bonus he would otherwise be entitled to receive will be considered in the calculation of any benefit due to Mr. DeFeo pursuant to the Company's defined benefit supplemental executive retirement plan.

The Committee believes that bonus target percentage ranges for the Company's executive officers are generally within the third quartile of bonus target percentage ranges for the Benchmark Companies. The actual 2008 bonus payouts for Messrs. Riordan and Nichols were within the third quartile of bonus target percentage ranges for the Benchmark Companies and for Messrs. Widman and Ford were below the third quartile of bonus target percentage ranges for the Benchmark Companies. If Mr. DeFeo had not declined his bonus, his 2008 bonus payout would have been below the third quartile of bonus target percentage ranges for the Benchmark Companies.

#### Benefits and Perquisites

The Company provides certain perquisites and benefits to its executive officers as a method of attracting and retaining its executive officers. There is not a pre-determined set of perquisites that the Company gives to its executive officers. Instead, an executive officer's perquisites are determined on an individual basis and are often influenced by benefits and perquisites that are received by similarly positioned executives. The Committee has reviewed the perquisites and benefits that are received by its executives and believes they were generally below those provided by the Benchmark Companies to their executives.

Perquisites that were given to executive officers in 2008 included company cars, club memberships, private airplane travel on a limited basis (which requires approval by the CEO and in the case of travel by the CEO, approval by the Chief Financial Officer), financial planning services, supplemental long-term disability coverage, housing allowances and other costs in connection with relocation. Generally, perquisites granted to executive officers are allocated to their income and they are required to pay income taxes on such perquisites. Executive officers, as well as certain other key employees of the Company, may upon their election, also receive matching contributions in the Company's Deferred Compensation Plan. In addition to the perquisites described above, the Company generally provides its executive officers benefits, which are also provided generally to all other U.S. based salaried employees, such as Company-paid life insurance and matching contributions in the Company's 401(k) Plan and Employee Stock Purchase Plan, medical, dental and vision plans, flexible spending accounts and long and short-term disability coverage.

#### Long-Term Incentive Compensation

The purpose of long-term incentive compensation is both to align the interests of the executive officers with the interests of the stockholders and to provide a level of reward and recognition for superior performance. The Company's objective is to provide its executive officers with long-term incentive awards that are generally within the third quartile of the award level at the Benchmark Companies. Long-term incentive awards may include cash and non-cash components. In 2008, all long-term incentive awards granted consisted of a combination of time-based and performance-based restricted stock awards. It is the Company's general intention in the future to primarily grant long-term incentive compensation in shares of restricted stock with time and/or performance based criteria, although other forms of awards may be considered. However, in 2009, the Company granted a significant portion of the executives' long-term incentive compensation in cash due to the Company's low stock price at the time of grant. The Committee felt that the granting of additional shares in 2009 would have had too much of a dilutive effect on the Company's stockholders and did not feel that such action was appropriate.

The long-term incentive compensation is designed to provide wealth creation for executives if stockholder value is created. The Committee believes that long-term incentive compensation ensures that the Company's executive officers have a continuing stake in the long-term success of the Company and fosters the retention of key management personnel. In 2008, the Company issued long-term incentive compensation designed to provide an economic value that was generally within the third quartile of the long-term compensation level at the Benchmark Companies.

#### Stock Awards

One of the primary components of the Company's long-term incentive compensation is the granting of restricted stock awards to executive officers, including awards which have a performance-based component. In this way, the stock awards have the dual objective of helping to build stockholder value while also serving to retain and motivate the Company's senior leadership.

The Company's policy is to make grants of stock awards in the first quarter of each calendar year, which is soon after the Company's prior year's results are finalized and released publicly, as well as after the Company's budget has been finalized for the coming year. This is consistent with the Company's move towards restricted stock awards that have a performance component, as it is intended that the performance component would be based upon a specific measure or measures from the Company's budget for the coming year.

In March 2008, the executive officers were granted restricted stock awards. The restricted stock grants for the executive officers contained both time-based awards and performance-based awards.



Each time-based award will vest in full in March 2011, to the extent the executive officer is still employed with the Company. The Committee determined that the time-based awards would cliff vest in three years rather than have a graded vesting period as was done in prior years and has historically been the predominant Company practice. The Committee believes that an award with cliff vesting generally provides more retentive benefit to the Company than an award with graded vesting.

Each grant also included two performance-based awards. In order for the first performance-based restricted stock award (the "EPS Shares") to be payable to the executive officers, the Company must generally achieve, on average, a 10 percent average annual increase in EPS for the period January 1, 2008 through December 31, 2010 (the "EPS Target"). The EPS for the Company was \$5.85 for the period January 1, 2007 through December 31, 2007 and operates as the benchmark on which the EPS Target is based.

Each executive officer will receive 100% of the EPS Shares if the Company achieves the EPS Target. For each one percent (1%) increase in attainment above the EPS Target, the number of EPS Shares to be received by the executive officer will increase by ten percent (10%). For example, an 11 percent average annual increase in Earnings Per Share would result in the executive officer receiving 110% of the EPS Shares. For attainment at or above a 15 percent average annual increase in EPS, the number of EPS Shares to be received by the executive officer will be capped at 150% of the EPS performance-based share award.

For each one percent (1%) decrease in attainment below the EPS Target, the number of EPS Shares to be received by the executive officer will decrease by ten percent (10%). For attainment at a five percent average annual increase in EPS, the number of EPS Shares to be received by the executive officer will be 50% of the EPS performance-based award. If less than a five percent average annual increase in EPS is achieved, no EPS Shares will be received by the executive officer.

In order for the second performance-based restricted stock award (the "TSR Shares") to be payable to the executive officer, the Company must achieve a percentile rank of 60th (the "TSR Target") against a peer group of 28 companies for three year annualized Total Stockholder Return ("TSR") for the period January 1, 2008 through December 31, 2010. TSR combines share price appreciation and dividends paid to show the total return to the stockholder. TSR is calculated by adding the change in a company's stock price during a specified time period to any dividends paid by such company during the time period and dividing that sum by the stock price of such company at the beginning of the period.

Each executive officer will receive 100% of the TSR Shares if the Company achieves the TSR Target. For each percentile increase or decrease in attainment above or below the TSR Target, the number of TSR Shares to be received by each executive officer will increase or decrease by 2.5%. For attainment at or above the 80th percentile, the number of TSR Shares distributed will be capped at 150% of the TSR performance-based share award. If attainment is at the 40th percentile, the number of TSR Shares distributed will be 50% of the TSR performance-based share award. For performance below the 40th percentile, no TSR Shares will be received by the executive officer.

The EPS Shares and TSR Shares will vest in full in three years on the later of March 4, 2011, or after the Terex 2010 financial statements are completed and filed with the SEC, provided the performance criteria is satisfied and further provided the executive officer remains actively employed with Terex. The Committee believes that the three year measurement period for these awards and these performance metrics helps motivate long-term decision making and better aligns the interests of the executives and the Company's stockholders.

For each of the executive officers, other than Messrs. DeFeo, Widman and Riordan, the economic value of the time and performance based components were intended to each be approximately 50% of the total restricted stock award value. For Messrs. DeFeo, Widman and Riordan, the economic value of the time and performance based components were intended to be approximately 20% and 80% of the restricted stock award value, respectively. The restricted stock awards for Messrs. DeFeo, Widman and Riordan were more heavily performance-based than that of the other executives because the Committee believes that they are the three executives with the greatest potential impact on the Company's overall performance and therefore their compensation should be more heavily weighted to the Company's overall performance than that of the other executive officers.

Although many of the Benchmark Companies continue to grant predominantly time based awards, the Company believes that restricted stock grants that contain both time based and performance measures provide the right mix of motivating performance and providing for retention, which are the primary objectives of the restricted stock awards. Accordingly, the Company intends to continue granting long-term compensation awards that contain both time and performance based components.

In 2009, the long-term compensation awards granted by the Company predominantly consisted of time based restricted stock awards and performance-based cash awards. The long-term compensation awards were a mix of stock and cash based awards due to the Committee's concern that the granting of long-term awards solely in stock would have had too much of a dilutive effect on the Company's stockholders. Messrs. DeFeo, Widman and Riordan received a greater percentage of their awards in the form of performance-based awards than the other executives as the Committee believes that they are the three executives with the greatest potential impact on the Company's overall performance and that they should have a greater percentage of their long-term compensation directly tied to the performance of the Company.

#### Option Awards

Historically, one of the components of the Company's long-term incentive compensation had been the granting of option awards to executive officers. However, over the past few years, the Company has been decreasing the number of options awarded to its executive officers. This decrease culminated in no option awards being made to executive officers since 2006.

The decrease in the number of options granted is not a Terex-specific development. The implementation of Statement of Financial Accounting Standard No. 123R, "Share-Based Payment" ("FAS 123R"), which requires that costs resulting from stock options be recognized in a company's financial statements, as well as the dilutive effect of option exercises, has caused many companies, including Terex, to move away from the granting of options. It is generally more cost effective for the Company to grant restricted stock than options, as more options would need to be given for an executive to receive the same economic value as he or she would receive from a grant of fewer shares of restricted stock. The Company may grant options to executive officers in the future as the Company deems appropriate. However, the Company does not expect that the granting of options will be a key component of an executive officers' long-term compensation in the near future.

#### Post-Employment Compensation

##### Retirement Plans and Life Insurance

The Company offers a variety of mechanisms for its executive officers to plan for their retirement. These plans are offered to attract and retain executive officers by offering them benefits that are similar to what is offered by the Benchmark Companies. The retirement plans offered by the Company to its executive officers generally include a 401(k) plan, which is also offered to most of the Company's U.S. based employees, a deferred compensation plan, a

defined benefit supplemental executive retirement plan (“DB SERP”), a defined contribution supplemental executive retirement plan (“DC SERP” and together with the DB SERP, the “SERPs”) and, for the CEO, a defined benefit pension plan which has since been frozen. A senior executive participating in the DB SERP is not eligible to participate in the DC SERP. See “Pension Benefits” for a description of the SERPs and “Nonqualified Deferred Compensation” for a description of the Company’s deferred compensation plan. In addition, each executive officer receives a life insurance policy that provides his or her family with a core level of security in case of the premature death of the executive officer. The Company provides each executive officer with a universal life insurance policy that is two times his or her base salary. In addition, the Company owns a universal life insurance policy on the life of Mr. DeFeo in the amount of \$10,000,000. Pursuant to the terms of this arrangement, the Trustee of the Ronald M. DeFeo 1996 Life Insurance Trust has the right to designate a beneficiary or beneficiaries to receive the insurance proceeds from this policy on Mr. DeFeo’s death, subject to the Company’s right to first receive a certain portion of the insurance proceeds.

#### Termination of Employment and Change in Control Arrangements

Each of the Named Executive Officers, other than Mr. DeFeo, is a party to a Change in Control and Severance Agreement with the Company that was entered into in April 2008 (the “Executive Agreements”). The Company and Mr. DeFeo entered into the DeFeo Agreement that contains provisions regarding termination of employment and change in control circumstances.

These agreements provide the executive officers with a core level of assurance that their actions on behalf of the Company and its stockholders can proceed without the potential distraction of short-term issues that may affect the Company (e.g. merger, buyout, etc.) and helps ensure that they continue to act in the best interests of the Company. In addition, these agreements contain measures that protect the Company as well by including confidentiality, non-compete and non-solicitation provisions. The key terms of these agreements are generally customary provisions for agreements of this type and are described below in “Potential Payments Upon Termination or Change in Control.”



## EXECUTIVE COMPENSATION

## Summary Compensation Table

The Summary Compensation Table below shows the compensation for the previous fiscal year of the Company's CEO, Chief Financial Officer and its three other highest paid executive officers who had 2008 total qualifying compensation in excess of \$100,000 (the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1) (2)	Option Awards (\$) (1) (2)	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) (3)	Total (\$)
Ronald M. DeFeo Chairman and Chief Executive Officer	2008	\$ 1,150,000	-0-	\$ 8,460,358	-0-	-0-(4)	\$ 1,374,573	\$ 809,827	\$ 11,794,758
	2007	\$ 1,025,000	\$ 110,000	\$ 10,596,912	\$ 166,200	\$ 2,397,713	\$ 1,585,928	\$ 313,733	\$ 16,195,486
	2006	\$ 875,000	-0-	\$ 4,942,447	\$ 261,200	\$ 8,602,600	\$ 584,844	\$ 214,293	\$ 15,480,384
Phillip C. Widman Senior Vice President and Chief Financial Officer	2008	\$ 526,250	-0-	\$ 1,825,197	\$ 54,352	\$ 336,368	\$ 142,353	\$ 90,683	\$ 2,975,203
	2007	\$ 500,000	\$ 100,000	\$ 1,960,078	\$ 80,807	\$ 431,288	\$ 154,329	\$ 76,928	\$ 3,303,430
	2006	\$ 416,000	-0-	\$ 542,569	\$ 147,327	\$ 1,911,840	\$ 75,916	\$ 110,611	\$ 3,204,263
Thomas J. Riordan President and Chief Operating Officer	2008	\$ 780,000	-0-	\$ 1,854,084	-0-	\$ 664,739	\$ 165,759	\$ 250,251	\$ 3,714,833
	2007	\$ 744,231	-0-	\$ 1,754,686	-0-	\$ 857,849	\$ 93,595	\$ 269,177	\$ 3,719,538
Timothy A. Ford President, Terex Aerial Work Platforms	2008	\$ 454,250	-0-	\$ 918,689	\$ 51,600	\$ 216,272	\$ 61,945	\$ 524,230	\$ 2,226,986
Richard Nichols President, Terex Cranes	2008	\$ 427,708	-0-	\$ 1,153,389	\$ 86,964	\$ 322,035	\$ 96,301(5)	\$ 80,170	\$ 2,166,567
	2007	\$ 375,000	-0-	\$ 1,248,241	\$ 128,055	\$ 339,979	\$ 204,446	\$ 85,008	\$ 2,380,729

(1) See Note S – "Stockholders' Equity" in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for a detailed description of the assumptions that the Company used in determining the dollar amounts recognized for financial statement reporting purposes of its stock and option awards.

(2) The amounts listed in the Stock Awards and Option Awards columns are the dollar amounts recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008, December 31, 2007 and December 31, 2006 in accordance with FAS 123R and comprise grants made by the Company in 2004, 2006, 2007 and 2008; 2003, 2004, 2006 and 2007; and 2002, 2003, 2004 and 2006; respectively. There were no forfeitures that occurred during the fiscal year ended December 31, 2008.

(3) As part of its competitive compensation program, the Company provides its Named Executive Officers with certain perquisites and other personal benefits. The amounts listed are the aggregate incremental cost of the perquisites paid by the Company. The aggregate incremental cost to the Company is computed as the actual out-of-pocket cost to the Company of supplying such perquisite. For example, the amount listed under the Company Car column is the amount that the Company paid to a third party as a result of providing a company car to the named executive officer. As part of their compensation, each of the Named Executive Officers in 2008 received the perquisites listed in the table below:

Name	Company Car	Club Memberships	Use of Private Aircraft	Long Term Disability Premiums	Financial Planning Service	Employee Stock				Other*	Total
						401(k) Matching Contributions	Purchase Plan Contributions	Company Paid	Life Insurance		
Ronald M. DeFeo	\$ 33,631	\$ 11,839	\$ 8,930	\$ 9,183	\$ 15,000	\$ 9,200	\$ 1,800	\$ 218,802	\$ 501,442	\$ 809,827	
Phillip C. Widman	\$ 22,825	\$ 7,861	\$ 19,159	\$ 8,182	\$ 8,500	\$ 9,200	\$ 1,800	\$ 13,106	\$ 50	\$ 90,683	
Thomas J. Riordan	\$ 32,632	-0-	-0-	\$ 5,110	\$ 14,500	\$ 9,200	\$ 3,600	\$ 14,694	\$ 170,515	\$ 250,251	
Timothy A. Ford	\$ 26,050	-0-	-0-	\$ 3,446	\$ 15,000	\$ 9,200	\$ 900	\$ 5,165	\$ 464,469	\$ 524,230	
Richard Nichols	\$ 25,753	-0-	-0-	\$ 4,911	-0-	\$ 9,200	-0-	\$ 4,306	\$ 36,000	\$ 80,170	

\* The amount shown for Mr. DeFeo consists of \$500,000 for a matching contribution to the Company's Deferred Compensation Plan, which matching contribution is invested in Common Stock, \$1,025 for reimbursement of accountant fees and \$417 for personal use of a Company driver; the amount shown for Mr. Widman consists of payment of a Wellness Award; the amount shown for Mr. Riordan consists of \$136,356 for a matching contribution to the Company's Deferred Compensation Plan, which matching contribution is invested in Common Stock, and \$34,159 for payments related to Mr. Riordan's relocation; the amount shown for Mr. Ford consists of payments related to Mr. Ford's relocation; and the amount shown for Mr. Nichols consists of payment of a housing allowance.

(4) Pursuant to the satisfaction of the performance criteria, Mr. DeFeo was entitled to non-equity incentive plan compensation in the amount of \$1,171,620. However, as the Company has been making significant headcount reductions and implementing other cost reductions, Mr. DeFeo believed that he should lead by example and share some of the economic burden and voluntarily declined receipt of this non-equity incentive plan compensation.

(5) The amounts shown include \$40 for Mr. Nichols, which amount was earnings that were above-market or preferential.

Grants of Plan-Based Award

The following table sets forth information on grants of awards under the Company's equity and non-equity incentive plans during 2008 to the Named Executive Officers. The amount of stock awards, option awards and non-equity incentive plan compensation recognized for financial reporting purposes by the Company for the Named Executive Officers during 2008 is also listed in the Summary Compensation Table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards
		Thresh- old (\$)	Target (\$)	Maxi- mum (\$)	Thresh -old (#)	Target (#)	Maxi- mum (#)				
Ronald M. DeFeo	3/4/2008				30,896	61,792	92,688				\$ 4,078,272
	3/4/2008				18,538	37,075	55,613				\$ 2,584,498
	3/4/2008										