TEREX CORP
Form 10-Q
November 02, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

F O R M 10 – Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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

Commission file number 1-10702

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

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

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

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

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

YES x NO o

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

YES x NO o

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

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

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

YES o NO x

Number of outstanding shares of common stock: 108.9 million as of October 26, 2010.

The Exhibit Index begins on page 57.

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TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of September 30, 2010 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are wholly-owned) which were guarantors on September 30, 2010 (the "Guarantors") of the Company's 7-3/8% Senior Subordinated Notes due 2014. See Note P – "Consolidating Financial Statements" to the Company's September 30, 2010 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as "Terex," the "Registrant," "us," "we," "our" or the "Company."

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
Amida Industries, Inc.	South Carolina	57-0531390
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Duvalpilot Equipment Outfitters, LLC	Florida	22-3886719
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
Genie Manufacturing, Inc.	Washington	91-1499412
GFS National, Inc.	Washington	91-1959375
Hydra Platforms Mfg. Inc.	North Carolina	56-1714789
Loegering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Powerscreen USC Inc.	Delaware	23-2846987
PPM Cranes, Inc.	Delaware	39-1611683
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Spinnaker Insurance Company	Vermont	03-0372517
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703
Terex-RO Corporation	Kansas	44-0565380
Terex-Telelect, Inc.	Delaware	41-1603748

Forward-Looking Information

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

- Our business is cyclical and weak general economic conditions affect the sales of our products and financial results;
- the impact of the sale of our Mining business and other businesses;
- our ability to successfully integrate acquired businesses;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to government spending;
- our business is very competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
- the effects of operating losses;
- a material disruption to one of our significant facilities;
- our retention of key management personnel;
- the financial condition of suppliers and customers, and their continued access to capital;
- our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
- our ability to timely manufacture and deliver products to customers;
- the need to comply with restrictive covenants contained in our debt agreements;
- our business is global and subject to changes in exchange rates between currencies, as well as international politics, particularly in developing markets;
- the effects of changes in laws and regulations, including tax laws;
- possible work stoppages and other labor matters;
- compliance with applicable environmental laws and regulations;
- litigation, product liability claims, class action lawsuits and other liabilities;
- our ability to comply with an injunction and related obligations resulting from the settlement of an investigation by the United States Securities and Exchange Commission ("SEC");
- our implementation of a global enterprise system and its performance; and
- other factors.

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

As a result of the final court decree in August 2009 that formalized the settlement of an investigation of Terex by the SEC, for a period of three years, or such earlier time as we are able to obtain a waiver from the SEC, we cannot rely on the safe harbor provisions regarding forward-looking statements provided by the regulations issued under the Securities Exchange Act of 1934.

The forward-looking statements and prospective financial information included in this Form 10-Q have been prepared by, and are the responsibility of, Terex management. PricewaterhouseCoopers LLP ("PwC") has not performed any procedures with respect to the accompanying forward-looking statements and prospective financial information and, accordingly, PwC does not express an opinion or any other form of assurance with respect thereto.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
		2010		2009		2010		2009
Net sales	$	1,075.8	$	933.9	$	3,091.6	$	2,847.0
Cost of goods sold		(911.9)		(864.4)		(2,674.3)		(2,644.6)
Gross profit		163.9		69.5		417.3		202.4
Selling, general and administrative expenses		(160.3)		(169.8)		(490.6)		(528.8)
Income (loss) from operations		3.6		(100.3)		(73.3)		(326.4)
Other income (expense)								
Interest income		2.8		1.3		5.9		3.2
Interest expense		(36.1)		(32.5)		(107.4)		(81.1)
Loss on early extinguishment of debt		-		-		-		(3.3)
Other income (expense) – net		(21.5)		(1.5)		(25.9)		(0.5)
Loss before income taxes		(51.2)		(133.0)		(200.7)		(408.1)
(Provision for) benefit from income taxes		(38.6)		27.5		21.9		105.3
Loss from continuing operations		(89.8)		(105.5)		(178.8)		(302.8)
(Loss) income from discontinued operations – net of tax		(3.4)		3.3		(7.1)		48.9
(Loss) gain on disposition of discontinued operations – net of tax		(1.5)		-		593.9		-
Net (loss) income		(94.7)		(102.2)		408.0		(253.9)
Net income attributable to non-controlling interest		(1.1)		(0.9)		(4.2)		(1.7)
Net (loss) income attributable to Terex Corporation	$	(95.8)	$	(103.1)	$	403.8	$	(255.6)
Amounts attributable to Terex Corporation common stockholders:								
Loss from continuing operations	$	(90.9)	$	(106.4)	$	(183.0)	$	(304.5)
(Loss) income from discontinued operations – net of tax		(3.4)		3.3		(7.1)		48.9
(Loss) gain on disposition of discontinued operations – net of tax		(1.5)		-		593.9		-
Net (loss) income attributable to Terex Corporation	$	(95.8)	$	(103.1)	$	403.8	$	(255.6)
Basic (Loss) Earnings per Share Attributable to Terex Corporation Common Stockholders:								
Loss from continuing operations	$	(0.84)	$	(0.98)	$	(1.68)	$	(3.02)
(Loss) income from discontinued operations – net of tax		(0.03)		0.03		(0.07)		0.48
		(0.01)		-		5.47		-

(Loss) gain on disposition of discontinued operations – net of tax								
Net (loss) income attributable to Terex Corporation	$	(0.88)	$	(0.95)	$	3.72	$	(2.54)
Diluted (Loss) Earnings per Share Attributable to Terex Corporation Common Stockholders:								
Loss from continuing operations	$	(0.84)	$	(0.98)	$	(1.68)	$	(3.02)
(Loss) income from discontinued operations – net of tax		(0.03)		0.03		(0.07)		0.48
(Loss) gain on disposition of discontinued operations – net of tax		(0.01)		-		5.47		-
Net (loss) income attributable to Terex Corporation	$	(0.88)	$	(0.95)	$	3.72	$	(2.54)
Weighted average number of shares outstanding in per share calculation								
Basic		108.8		108.1		108.6		100.7
Diluted		108.8		108.1		108.6		100.7

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

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

	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 1,354.3	$ 929.5
Investments in marketable securities	403.8	0.6
Trade receivables (net of allowance of $51.1 and $60.1 at September 30, 2010 and December 31, 2009, respectively)	727.4	593.8
Inventories	1,488.1	1,343.9
Deferred taxes	33.3	120.5
Other current assets	151.9	203.0
Current assets – discontinued operations	0.6	723.3
Total current assets	4,159.4	3,914.6
Non-current assets		
Property, plant and equipment - net	570.7	605.0
Goodwill	496.2	511.1
Deferred taxes	109.5	150.7
Other assets	369.5	322.8
Long-term assets – discontinued operations	1.4	209.6
Total assets	$ 5,706.7	$ 5,713.8
Current liabilities		
Notes payable and current portion of long-term debt	$ 316.8	$ 73.7
Trade accounts payable	568.4	525.1
Accrued compensation and benefits	124.8	130.7
Accrued warranties and product liability	93.9	108.2
Customer advances	118.5	131.8
Income taxes payable	63.0	38.7
Other current liabilities	252.2	289.0
Current liabilities – discontinued operations	2.2	257.5
Total current liabilities	1,539.8	1,554.7
Non-current liabilities		
Long-term debt, less current portion	1,656.4	1,892.7
Retirement plans and other	425.3	448.2
Non-current liabilities – discontinued operations	0.1	143.8
Total liabilities	3,621.6	4,039.4
Commitments and contingencies		
Stockholders’ equity		
Common stock, $.01 par value – authorized 300.0 shares; issued 121.1 and 120.4 shares at September 30, 2010 and December 31, 2009, respectively	1.2	1.2
Additional paid-in capital	1,259.4	1,253.5
Retained earnings	1,362.0	958.2
Accumulated other comprehensive income	40.9	36.0
	(599.2)	(598.7)

Less cost of shares of common stock in treasury – 13.1 shares at September 30, 2010 and December 31, 2009				
Total Terex Corporation stockholders' equity		2,064.3		1,650.2
Noncontrolling interest		20.8		24.2
Total equity		2,085.1		1,674.4
Total liabilities and stockholders' equity	$	5,706.7	$	5,713.8

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

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

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Operating Activities of Continuing Operations		
Net income (loss)	$ 408.0	$ (253.9)
Adjustments to reconcile net income (loss) to cash used in operating activities of continuing operations:		
Loss (income) from discontinued operations	7.1	(48.9)
Gain on disposition of discontinued operations	(593.9)	-
Depreciation	56.0	48.5
Amortization	18.3	15.9
Deferred taxes	106.4	(100.0)
Accretion of debt	8.6	2.1
Stock-based compensation expense	28.1	25.6
Asset impairments	9.6	3.9
Loss on investments in derivative securities	16.3	-
Other, net	(2.5)	2.4
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Trade receivables	(146.2)	384.0
Inventories	(181.6)	373.9
Trade accounts payable	32.0	(429.9)
Accrued compensation and benefits	(9.0)	(29.8)
Income taxes payable	(140.3)	(48.5)
Accrued warranties and product liability	(13.6)	(24.3)
Customer advances	(10.5)	40.9
Other, net	(61.6)	44.9
Net cash (used in) provided by operating activities of continuing operations	(468.8)	6.8
Investing Activities		
Capital expenditures	(36.9)	(42.6)
Acquisition of business net of cash acquired	-	(9.8)
Investment in and advances to affiliates	(4.7)	-
Proceeds from disposition of discontinued operations	1,002.0	-
Investments in derivative securities	(21.1)	-
Proceeds from sale of assets	7.3	2.2
Net cash provided by (used in) investing activities of continuing operations	946.6	(50.2)
Financing Activities		
Proceeds from issuance of long-term debt	-	620.6
Principal repayments of long-term debt	(2.0)	(129.7)
Proceeds from issuance of common stock - net	-	156.3
Net repayments under revolving line of credit agreements	(25.5)	(38.4)
Payment of debt issuance costs	(7.1)	(17.2)
Purchase of noncontrolling interest	(12.9)	(1.7)
Distributions to noncontrolling interest	(3.4)	(7.0)

Other, net	-	(0.7)
Net cash (used in) provided by financing activities of continuing operations	(50.9)	582.2
Cash Flows from Discontinued Operations		
Net cash used in operating activities of discontinued operations	(53.1)	(12.8)
Net cash provided by (used in) investing activities of discontinued operations	0.1	(5.4)
Net cash used in financing activities of discontinued operations	-	(0.1)
Net cash used in discontinued operations	(53.0)	(18.3)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	9.2	28.3
Net Increase in Cash and Cash Equivalents	383.1	548.8
Cash and Cash Equivalents at Beginning of Period	971.2	484.4
Cash and Cash Equivalents at End of Period	$ 1,354.3	$ 1,033.2

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

TEREX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010
(unaudited)

NOTE A - BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of September 30, 2010 and for the three and nine months ended September 30, 2010 and 2009 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full-year financial statements. The accompanying Condensed Consolidated Balance Sheet as of December 31, 2009 has been derived from the audited Consolidated Balance Sheet as of that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

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

In the opinion of management, all adjustments considered necessary for fair statement of these interim financial statements have been made. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three and nine months ended September 30, 2010 are not necessarily indicative of results that may be expected for the year ending December 31, 2010.

Cash and cash equivalents at September 30, 2010 and December 31, 2009 include $18.6 million and $16.1 million, respectively, which was not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Reclassification and Out of Period Adjustments. Certain prior year amounts have been reclassified to conform to the current year's presentation. On December 20, 2009, the Company entered into a definitive agreement to sell its Mining business to Bucyrus International, Inc. ("Bucyrus"). The Company completed this transaction on February 19, 2010. The results of the Mining business were consolidated within the former Materials Processing & Mining Segment. On December 31, 2009, the Company sold the assets of its construction trailer business. The results of this business were formerly consolidated within the Aerial Work Platforms ("AWP") segment. In March 2010, the Company sold the assets of its Powertrain pumps business and gears business. The results of these businesses were formerly consolidated within the Construction segment. On March 11, 2010, the Company entered into a definitive agreement to sell all of its Atlas heavy construction equipment and knuckle-boom cranes businesses. The results of these businesses were formerly consolidated within the Construction and Cranes segments, respectively. The Company completed the portion of this transaction related to the operations in Germany on April 15, 2010 and the operations in the United Kingdom on August 11, 2010. Due to the divestiture of these businesses, the reporting of these businesses has been included in discontinued operations for all periods presented. See Note D – "Discontinued Operations" for further information on the sales of these businesses.

During the nine months ended September 30, 2010, the Company revised its Condensed Consolidated Statement of Cash Flows to reclassify investments in derivative securities of $20.8 million as cash used in investing activities. Previously, these investments had been classified on the Condensed Consolidated Statement of Cash Flows as cash used in operating activities. The Company did not adjust the prior periods as it concluded that such adjustments were not material to the prior periods' condensed consolidated financial statements.

Recent Accounting Pronouncements. In June 2009, the Financial Accounting Standards Board ("FASB") issued guidance related to the transfers of financial assets, which has been codified under Accounting Standards Codification ("ASC") 860, "Transfers and Servicing." This guidance requires entities to provide more information about transfers of financial assets and a transferor's continuing involvement, if any, with transferred financial assets. It requires additional disclosures about the risks that a transferor continues to be exposed to because of its continuing involvement in transferred financial assets. It also eliminates the concept of a qualifying special-purpose entity and will change the requirements for de-recognition of financial assets. This guidance is effective for the Company in its interim and annual reporting periods beginning on and after January 1, 2010. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In June 2009, the FASB issued guidance amending the consolidation guidance applicable to variable interest entities, which has been codified under ASC 810, "Consolidations." It replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative and requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity. It also requires additional disclosures about an enterprise's involvement in variable interest entities. This guidance was effective for the Company in its interim and annual reporting periods beginning on and after January 1, 2010. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Multiple-Deliverable Revenue Arrangements", which amended ASC 605, "Revenue Recognition." This guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how to allocate the consideration to each unit of accounting. In an arrangement with multiple deliverables, the delivered item(s) shall be considered a separate unit of accounting if the delivered items have value to the customer on a stand-alone basis. Items have value on a stand-alone basis if they are sold separately by any vendor or the customer could resell the delivered items on a stand-alone basis and if the arrangement includes a general right of return relative to the delivered items, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

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

In January 2010, the FASB issued Accounting Standards Update 2010-02, "Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification," which amends ASC 810, "Consolidations." This amendment requires new disclosures, including a description of valuation techniques and inputs used to measure the fair value of any retained investment in a former subsidiary, the nature of any continuing involvement in the subsidiary or acquirer after deconsolidation and information regarding related party involvement before and after the transaction. This guidance was effective for the Company in its interim and annual reporting periods beginning after December 15, 2009. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In January 2010, the FASB issued Accounting Standards Update 2010-06, "Improving Disclosures about Fair Value Measurements," which amends ASC 820, "Fair Value Measurements and Disclosures." This amendment requires new disclosures, including the reasons for and amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and separate presentation of purchases, sales, issuances and settlements in the reconciliation of activity for Level 3 fair value measurements. It also clarified guidance related to determining the appropriate classes of assets and liabilities and the information to be provided for valuation techniques used to measure fair value. This guidance with respect to significant transfers in and out of Levels 1 and 2 was effective for the Company in its interim and annual reporting periods beginning after December 15, 2009. Adoption of this portion of the guidance did not have a significant impact on the determination or reporting of the Company's financial results. This guidance with respect to Level 3 fair value measurements is effective for the Company in its interim and annual reporting periods beginning after December 15, 2010. The Company is currently evaluating the impact that adoption of this portion of the guidance will have on the determination and reporting of its financial results.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on historical customer review. The Company reviews its allowance for doubtful accounts at least quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines that the receivable will not be recovered. There can be no assurance that the Company's historical accounts receivable collection experience will be indicative of future results. The Company has off-balance sheet credit exposure related to guarantees provided to financial institutions as disclosed in Note N - "Litigation and Contingencies." Substantially all receivables were trade receivables at September 30, 2010 and December 31, 2009.

Impairment of Long-Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The Company uses data developed by business segment management as well as macroeconomic data in making these calculations. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. The Company recognized $3.9 million of asset impairments for the three and nine months ended September 30, 2009. The Company recognized fixed asset impairments of $1.7 million and $9.6 million for the three and nine months ended September 30, 2010, respectively, of which $1.7 million and $8.0 million, respectively, was recognized as part of restructuring costs. See Note K – "Restructuring and Other Charges."

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

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

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

	Nine Months Ended September 30, 2010	
Balance at beginning of period	$	126.2
Accruals for warranties issued during the period		59.3
Changes in estimates		(0.4)
Settlements during the period		(68.3)
Foreign exchange effect/other		(3.7)
Balance at end of period	$	113.1

NOTE B - BUSINESS SEGMENT INFORMATION

Terex is a diversified global equipment manufacturer of a variety of machinery products. The Company is focused on delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, shipping, transportation, refining, energy and utility industries. The Company operates in four reportable segments: (i) AWP; (ii) Construction; (iii) Cranes; and (iv) Materials Processing ("MP").

The AWP segment designs, manufactures, refurbishes, services and markets aerial work platform equipment, telehandlers, light towers and utility equipment. Customers use the Company's products to construct and maintain industrial, commercial and residential buildings and facilities, construct and maintain utility and telecommunication lines, trim trees and for other commercial operations, as well as in a wide range of infrastructure projects. Additionally, the Company owns much of the North American distribution channel for its utility products group and operates a fleet of rental utility products in the United States and Canada.

The Construction segment designs, manufactures and markets heavy and compact construction equipment, as well as roadbuilding equipment, including asphalt and concrete equipment, landfill compactors and bridge inspection equipment. Construction, forestry, rental, mining, industrial and government customers use these products in construction and infrastructure projects to build roads and bridges and in coal, minerals, sand and gravel operations.

The Cranes segment designs, manufactures, services and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, truck-mounted cranes (boom trucks) and specialized port and rail equipment, including straddle carriers, gantry cranes, mobile harbor cranes, ship-to-shore cranes, telescopic container stackers, lift trucks and forklifts, as well as their related replacement parts and components. These products are used primarily for construction, repair and maintenance of commercial buildings, manufacturing facilities and infrastructure and material handling at port and railway facilities. The Company acquired the port equipment businesses of Reggiane Cranes and Plants S.p.A. and Noell Crane Holding GmbH (collectively, "Terex Port Equipment" or the "Port Equipment Business") on July 23, 2009. The results of the Port Equipment Business are included in the Cranes segment from its date of acquisition.

The MP segment designs, manufactures and markets materials processing equipment, including crushers, washing systems, screens, apron feeders and related components and replacement parts. Construction, quarrying, mining and government customers use these products in construction and infrastructure projects and various quarrying and mining applications.

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

Business segment information is presented below, and prior period amounts have been retrospectively adjusted to conform to this presentation (in millions). See Note A – "Basis of Presentation":

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net Sales				
Aerial Work Platforms	$ 280.9	$ 198.9	$ 729.0	$ 633.3
Construction	286.0	206.5	769.5	633.8
Cranes	368.7	435.7	1,231.5	1,351.6
Materials Processing	143.6	97.3	387.3	270.4
Corporate and Other / Eliminations	(3.4)	(4.5)	(25.7)	(42.1)
Total	$ 1,075.8	$ 933.9	$ 3,091.6	$ 2,847.0
(Loss) Income from Operations				
Aerial Work Platforms	$ 14.3	$ (49.5)	$ (8.3)	$ (121.4)
Construction	(8.0)	(50.9)	(47.6)	(192.4)
Cranes	3.9	18.8	17.8	73.4
Materials Processing	10.3	(10.7)	19.2	(40.8)
Corporate and Other / Eliminations	(16.9)	(8.0)	(54.4)	(45.2)
Total	$ 3.6	$ (100.3)	$ (73.3)	$ (326.4)

	September 30, 2010	December 31, 2009
Identifiable Assets		
Aerial Work Platforms	$ 779.4	$ 657.6
Construction	1,130.4	1,099.2
Cranes	2,262.1	2,216.0
Materials Processing	942.7	964.8
Corporate and Other / Eliminations	590.1	(156.7)
Discontinued operations	2.0	932.9
Total	$ 5,706.7	$ 5,713.8

NOTE C - INCOME TAXES

During the three months ended September 30, 2010, the Company recognized an income tax expense of $38.6 million on a loss of $51.2 million, an effective tax rate of negative 75.4%, as compared to an income tax benefit of $27.5 million on a loss of $133.0 million, an effective tax rate of 20.7%, for the three months ended September 30,

2009. During the nine months ended September 30, 2010, the Company recognized an income tax benefit of $21.9 million on a loss of $200.7 million, an effective tax rate of 10.9%, as compared to an income tax benefit of $105.3 million on a loss of $408.1 million, an effective tax rate of 25.8%, for the nine months ended September 30, 2009. The principal drivers of the higher tax expense were the recognition of valuation allowances on certain deferred tax assets, changes in uncertain tax positions, changes in the jurisdictional mix of income and the decision to carry back the Company's U.S. tax net operating loss.

The Company conducts business globally and the Company and its subsidiaries file income tax returns in U.S. federal, state and foreign jurisdictions, as required. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Germany, Italy, the United Kingdom and the U.S. Various entities of the Company are currently under audit in Australia, Germany, Italy, the United Kingdom, the U.S. and elsewhere. The Company assesses uncertain tax positions each reporting period for recognition, measurement and effective settlement. Where the Company has determined that its tax return filing position does not satisfy the more likely than not recognition threshold of ASC 740-10, it has recorded no tax benefits. Where the Company has determined that its tax return filing positions are more likely than not to be sustained, the Company has measured and recorded the largest amount of tax benefit greater than 50% likely to be realized.

Due to uncertainties regarding the timing of the completion of other tax audits worldwide and their possible outcomes, it is not possible to provide an estimate of the full range of increase or decrease that could occur in the next twelve months and their impact on income tax expense. Due to the high degree of uncertainty regarding the amount and timing of potential future cash flows associated with the remaining unrecognized tax benefits, the Company is unable to make a reasonable estimate of the amount and period in which these remaining uncertain tax positions will be re-measured, effectively settled, or paid.

The Company evaluates the net realizable value of its deferred tax assets each reporting period. The Company must consider all objective evidence, both positive and negative, in evaluating the future realization of its deferred tax assets, including tax loss carry forwards. Historical information is supplemented by all currently available information about future tax years. Realization requires sufficient taxable income to use deferred tax assets. The Company records a valuation allowance for each deferred tax asset for which realization is assessed as not more likely than not. In particular, the Company's assessment that deferred tax assets will be realized considered the following: (i) estimates of future taxable income generated from various sources, including the expected recovery of operations in the U.S. and the United Kingdom, (ii) increased profitability due to cost reductions in recent years, (iii) losses in late 2008 through 2010 as a result of the economic downturn, and (iv) the combination of certain businesses in the United Kingdom. If the current estimates of future taxable income are not realized or future estimates of taxable income are reduced, then the assessment regarding the realization of deferred tax assets in certain jurisdictions, including the U.S. and the United Kingdom, could change and have a material impact on the statement of income. In the third quarter of 2010, the Company recorded a valuation allowance for its Italian operations due to changes in the expectation of future taxable income.

The Company does not provide for foreign income and withholding, U.S. federal, or state income taxes or tax benefits on the undistributed earnings or losses of its foreign subsidiaries because such earnings are reinvested and, in the Company's opinion, will continue to be reinvested indefinitely. The Company reviews business plans, cash availability, and cash requirements each period to evaluate its assessment that foreign earnings are indefinitely reinvested. If the assessment of the Company with respect to earnings of foreign subsidiaries changes, deferred U.S. income taxes, foreign income taxes, and foreign withholding taxes may have to be accrued. The Company does not accrue deferred income taxes on the temporary difference between the book and tax basis in domestic subsidiaries where permissible. At this time, determination of the unrecognized deferred tax liabilities for temporary differences related to the investment in subsidiaries is not practical. The Company records deferred tax assets and liabilities on the book to tax basis temporary differences in investment in subsidiaries when such deferred taxes are required to be recognized.

NOTE D – DISCONTINUED OPERATIONS

On December 20, 2009, the Company entered into a definitive agreement to sell its Mining business, which was previously part of the former Materials Processing & Mining segment, for approximately $1.3 billion. On February 19, 2010, the Company completed this transaction and received approximately $1 billion in cash and approximately 5.8 million shares of Bucyrus common stock. Following this transaction the Company is investing in its current businesses and focusing on products and services where it can maintain and build a strong market presence. The products divested by the Company in the transaction included hydraulic mining excavators, high capacity surface mining trucks, track and rotary blasthole drills, drill tools and highwall mining equipment, as well as the related parts and aftermarket service businesses, including the Company-owned distribution locations. The Company recorded a gain on the sale of its Mining business of approximately $611 million, net of tax for the nine months ended September 30, 2010. Bucyrus has provided the Company with a closing date net asset value statement of the Mining business that would require a payment of approximately $149 million from the Company to Bucyrus. The Company initiated a court proceeding on October 29, 2010 in the Supreme Court of the State of New York, County of New York, to enforce and protect the Company's rights under the definitive agreement. The Company believes that the Bucyrus calculation of the closing date net asset value is incorrect and not in accordance with the terms of the definitive agreement. The Company objects to the Bucyrus statement and has provided Bucyrus with a revised closing date net asset value statement that does not require any payment from the Company to Bucyrus. While the Company believes Bucyrus' position is without merit and the Company is vigorously opposing it, no assurance can be given as to the final resolution of this dispute or that the Company will not ultimately be required to make a substantial payment to Bucyrus.

The Company accounts for the shares of Bucyrus common stock received as “available for sale” securities as defined in ASC 320, “Investments – Debt and Equity Securities.” As such, the carrying value of the Bucyrus common stock will be adjusted on a quarterly basis based on changes in fair value of the stock with the corresponding entry for unrealized gains and losses recorded in Other comprehensive income. This stock is traded in an active market and measured under the Level 1 fair value category as defined in Note J – “Fair Value Measurements.”

On December 31, 2009, the Company completed the sale of substantially all of the assets used in its construction trailer operations, which was formerly part of the AWP segment. The total purchase price received at closing was $3.1 million, comprised of $0.1 million in cash and $3.0 million of promissory notes. The promissory notes are secured by a security agreement and a mortgage on the real estate sold in the transaction.

In March 2010, the Company sold the assets of its Powertrain gears business and pumps business, which were formerly part of the Construction segment. Total proceeds on the sale of these businesses were approximately $2 million.

On March 11, 2010, the Company entered into an agreement to sell its Atlas heavy construction equipment and knuckle-boom crane businesses (collectively, “Atlas”) to Atlas Maschinen GmbH (“Atlas Maschinen”). Fil Filipov, a former Terex executive and the father of Steve Filipov, the Company’s President, Developing Markets and Strategic Accounts, is the Chairman of Atlas Maschinen. The Atlas product lines divested in the transaction include crawler, wheel and rail excavators, knuckle-boom truck loader cranes and Terex ® Atlas branded material handlers. The transaction also includes the Terex Atlas UK distribution business for truck loader cranes in the United Kingdom and the Terex minority ownership position in an Atlas Chinese joint venture. The Atlas business was previously reported in the Construction segment, with the exception of the knuckle-boom truck loader cranes business, which was reported in the Cranes segment. On April 15, 2010, the Company completed the portion of this transaction related to the Atlas operations in Germany and completed the portion of the transaction related to the operations in the United Kingdom on August 11, 2010. The Company recorded a loss on the sale of Atlas of approximately $17 million, net of tax, for the nine months ended September 30, 2010.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net sales	$ -	$ 292.1	$ 157.7	$ 1,001.8
(Loss) income from discontinued operations before income taxes	$ (0.2)	$ 6.3	$ (9.6)	$ 74.8
Benefit from (provision for) income taxes	(3.2)	(3.0)	2.5	(25.9)
(Loss) income from discontinued operations – net of tax	$ (3.4)	$ 3.3	$ (7.1)	$ 48.9
Gain on disposition of discontinued operations	$ 2.1	$ -	$ 839.7	$ -
Provision for income taxes	(3.6)	-	(245.8)	-
(Loss) gain on disposition of discontinued operations – net of tax	$ (1.5)	$ -	$ 593.9	$ -

The following table provides the amounts of assets and liabilities reported in discontinued operations in the Condensed Consolidated Balance Sheet (in millions):

	September 30, 2010	December 31, 2009
Cash and cash equivalents	$ -	$ 41.7
Trade receivables, net	0.6	161.3
Inventories	-	479.3
Other current assets	-	41.0
Current assets – discontinued operations	$ 0.6	$ 723.3
Property, plant and equipment - net	$ -	$ 67.4
Goodwill	-	70.6
Other assets	1.4	71.6
Long-term assets – discontinued operations	$ 1.4	$ 209.6

Trade accounts payable	$	-	$	104.8
Accrued compensation and benefits		-		23.3
Accrued warranties and product liability		0.1		38.8
Customer advances		-		7.6
Other current liabilities		2.1		83.0
Current liabilities – discontinued operations	$	2.2	$	257.5
Non-current liabilities – discontinued operations	$	0.1	$	143.8

The following table provides the amounts of cash and cash equivalents as presented in the Condensed Consolidated Statement of Cash Flows (in millions):

	September 30, 2010	December 31, 2009
Cash and cash equivalents:		
Cash and cash equivalents – continuing operations	$ 1,354.3	$ 929.5
Cash and cash equivalents – discontinued operations	-	41.7
Total cash and cash equivalents	$ 1,354.3	$ 971.2

As a condition of the sales of the Company's Mining business to Bucyrus and the Atlas business to Atlas Maschinen, the parties have entered into transition services agreements. The agreements require Terex to provide the respective counterparties to the transactions with certain general and administrative functions and the use of certain business related assets for a period after the close of the sale in exchange for a fee.

NOTE E – EARNINGS PER SHARE

(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net loss from continuing operations attributable to Terex Corporation common stockholders	$ (90.9)	$ (106.4)	$ (183.0)	$ (304.5)
(Loss) income from discontinued operations-net of tax	(3.4)	3.3	(7.1)	48.9
(Loss) gain on disposition of discontinued operations-net of tax	(1.5)	-	593.9	-
Net (loss) income attributable to Terex Corporation	$ (95.8)	$ (103.1)	$ 403.8	$ (255.6)
Basic shares:				
Weighted average shares outstanding	108.8	108.1	108.6	100.7
Earnings per share - basic:				
Loss from continuing operations	$ (0.84)	$ (0.98)	$ (1.68)	$ (3.02)
(Loss) income from discontinued operations-net of tax	(0.03)	0.03	(0.07)	0.48
(Loss) gain on disposition of discontinued operations-net of tax	(0.01)	-	5.47	-
Net (loss) income attributable to Terex Corporation	$ (0.88)	$ (0.95)	$ 3.72	$ (2.54)
Diluted shares:				
Weighted average shares outstanding	108.8	108.1	108.6	100.7
Effect of dilutive securities:				
	-	-	-	-

Stock options, restricted stock awards and convertible notes								
Diluted weighted average shares outstanding		108.8		108.1		108.6		100.7
Earnings per share - diluted:								
Loss from continuing operations	$	(0.84)	$	(0.98)	$	(1.68)	$	(3.02)
(Loss) income from discontinued operations-net of tax		(0.03)		0.03		(0.07)		0.48
(Loss) gain on disposition of discontinued operations-net of tax		(0.01)		-		5.47		-
Net (loss) income attributable to Terex Corporation	$	(0.88)	$	(0.95)	$	3.72	$	(2.54)

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

Noncontrolling Interest Attributable to Common Stockholders

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Loss from continuing operations - as reported	$ (89.8)	$ (105.5)	$ (178.8)	$ (302.8)
Less: Noncontrolling interest attributed to loss from continuing operations	(1.1)	(0.9)	(4.2)	(1.7)
Loss from continuing operations attributable to common stockholders	$ (90.9)	$ (106.4)	$ (183.0)	$ (304.5)

Weighted average options to purchase 0.5 million and 0.6 million shares of the Company's common stock, par value $0.01 per share ("Common Stock") were outstanding during the three and nine months ended September 30, 2010, respectively, and weighted average options to purchase 0.8 million shares of Common Stock were outstanding during the three and nine months ended September 30, 2009, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 1.3 million and 1.4 million were outstanding during the three and nine months ended September 30, 2010, respectively, and weighted average restricted stock awards of 1.1 million and 0.9 million were outstanding during the three and nine months ended September 30, 2009, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not met. ASC 260, "Earnings per Share" requires that employee stock options and non-vested restricted shares granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Notes described in Note L – "Long-Term Obligations" are dilutive to the extent that the volume-weighted average price of the Common Stock of the 4% Convertible Notes for the three and nine months ended September 30, 2010 was greater than $16.25 per share and earnings from continuing operations were positive. The number of shares that were contingently issuable for the 4% Convertible Notes during the three and nine months ended September 30, 2010 was 2.4 million, but were not included in the computation of diluted shares because the effect would have been anti-dilutive. The number of shares that were contingently issuable for the 4% Convertible Notes during the three and nine months ended September 30, 2009 was 1.2 million and 0.5 million, respectively, but were not included in the computation of diluted shares because the effect would have been anti-dilutive.

NOTE F – INVENTORIES

Inventories consist of the following (in millions):

	September 30, 2010	December 31, 2009
Finished equipment	$ 510.7	$ 388.6
Replacement parts	214.2	216.5

Work-in-process		343.8		342.4
Raw materials and supplies		419.4		396.4
Inventories	$	1,488.1	$	1,343.9

Reserves for lower of cost or market value, excess and obsolete inventory were $102.4 million and $110.8 million at September 30, 2010 and December 31, 2009, respectively.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2010		December 31, 2009	
Property	$	83.3	$	90.5
Plant		298.0		293.9
Equipment		526.7		529.0
Property, plant and equipment – gross		908.0		913.4
Less: Accumulated depreciation		(337.3)		(308.4)
Property, plant and equipment – net	$	570.7	$	605.0

NOTE H – GOODWILL

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

	Aerial Work Platforms	Construction	Cranes	Materials Processing	Total
Balance at December 31, 2009, gross	$ 150.7	$ 438.8	$ 224.1	$ 202.3	$ 1,015.9
Accumulated impairment	(42.8)	(438.8)	-	(23.2)	(504.8)
Balance at December 31, 2009, net	107.9	-	224.1	179.1	511.1
Acquisition	-	-	1.9	-	1.9
Foreign exchange effect and other	(0.7)	-	(11.7)	(4.4)	(16.8)
Balance at September 30, 2010, gross	150.0	438.8	214.3	197.9	1,001.0
Accumulated impairment	(42.8)	(438.8)	-	(23.2)	(504.8)
Balance at September 30, 2010, net	$ 107.2	$ -	$ 214.3	$ 174.7	$ 496.2

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company enters into two types of derivatives to hedge its interest rate exposure and foreign currency exposure: hedges of fair value exposures and hedges of cash flow exposures. Fair value exposures relate to recognized assets or liabilities and firm commitments, while cash flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities or forecasted transactions. Additionally, the Company has entered into derivative contracts that are intended to partially mitigate risks associated with the shares of common stock of Bucyrus acquired in connection with the sale of the Mining business. These contracts have not been designated as hedges because they do not meet the requirements for hedge accounting.

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

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

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

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

In November 2007, the Company entered into an interest rate swap agreement that converted a fixed rate interest payment into a variable rate interest payment. At September 30, 2010, the Company had $400.0 million notional amount of this interest rate swap agreement outstanding, which matures in 2017. The fair market value of this swap at September 30, 2010 and December 31, 2009 was a gain of $59.3 million and $30.2 million, respectively, which is recorded in Other assets.

The Company had entered into a prior interest rate swap agreement that converted a fixed rate interest payment into a variable rate interest payment. At December 31, 2006, the Company had $200.0 million notional amount of this interest rate swap agreement outstanding, which would have matured in 2014. To maintain an appropriate balance between floating and fixed rate obligations on its mix of indebtedness, the Company exited this interest rate swap agreement on January 15, 2007 and paid $5.4 million. This loss was recorded as an adjustment to the carrying value of the hedged debt and will be amortized through the original debt maturity date of 2014.

The Company is also a party to currency exchange forward contracts that generally mature within one year to manage its exposure to changing currency exchange rates. At September 30, 2010, the Company had $306.6 million notional amount of currency exchange forward contracts outstanding, most of which mature on or before September 30, 2011. The fair market value of these contracts at September 30, 2010 was a net gain of $0.5 million. At September 30, 2010, $272.1 million notional amount ($0.4 million of fair value gains) of these forward contracts have been designated as, and are effective as, cash flow hedges of specifically identified transactions. During 2010 and 2009, the Company recorded the change in fair value for these cash flow hedges to Accumulated other comprehensive income (loss) and reclassified to earnings a portion of the deferred gain or loss from Accumulated other comprehensive income (loss) as the hedged transactions occurred and were recognized in earnings.

The Company entered into a stockholders agreement with Bucyrus that contains certain restrictions, including providing for Terex's commitment that it will not directly or indirectly sell or otherwise transfer its economic interest in the shares of Bucyrus stock received by it for a period of one year, subject to certain exceptions. As a result, in order to partially mitigate the risks associated with the shares of Bucyrus stock, the Company entered into derivative contracts using a basket of stocks whose prices have historically been highly correlated with the Bucyrus stock price. The derivative contracts purchased by the Company expire in the first quarter of 2011. During the nine months ended September 30, 2010, the Company paid premiums of approximately $21 million to enter into derivative trades to mitigate the risk of approximately 95% of the notional value of the Bucyrus stock based on historic prices. Assuming correlations between Bucyrus stock and the basket are consistent with the historical correlations, these derivatives will protect a portion of the risk of the decline in the price of Bucyrus stock while allowing the Company to keep any gain in the value of the Bucyrus stock.

The Company has not classified these derivative contracts as hedges. As a result, the Company will mark the derivative contracts to market quarterly through current period earnings. As of September 30, 2010, the derivative contracts, for which the Company paid approximately $21 million in premiums, were worth $4.8 million, which was reflected on the Condensed Consolidated Balance Sheet in Other current assets. The value of the derivative contracts is a function of time and the intrinsic value of the derivative. When the derivative contracts expire, the time value of the derivative contracts will be zero. During the three months ended September 30, 2010, the price of the basket of stocks increased, which decreased the value of the derivative contracts. This decrease also reflected the reduced value of the derivative contracts due to the passage of time.

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

Asset Derivatives	Balance Sheet Account	September 30, 2010	December 31, 2009
Foreign exchange contracts	Other current assets	$ 6.4	$ 8.3
Interest rate contract	Other assets	59.3	30.2
Total asset derivatives		$ 65.7	$ 38.5

Liability Derivatives

Foreign exchange contracts	Other current liabilities	$ 5.9	$ 11.6
Interest rate contract	Long-term debt, less current portion	56.8	27.1
Total liability derivatives		$ 62.7	$ 38.7
Total Derivatives		$ 3.0	$ (0.2)

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

Asset Derivatives	Balance Sheet Account	September 30, 2010	December 31, 2009
Option derivative contracts	Other current assets	$ 4.8	$ -

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

Gain Recognized on Derivatives in Income:		Three Months Ended September 30,		Nine Months Ended September 30,	
Fair Value Derivatives	Location	2010	2009	2010	2009
Interest rate contract	Interest expense	$ 4.7	$ 4.4	$ 14.4	$ 12.0

Gain (Loss) Recognized on Derivatives in OCI:	Three Months Ended September 30,		Nine Months Ended September 30,	
Cash Flow Derivatives	2010	2009	2010	2009
Foreign exchange contracts	$ 0.7	$ 2.6	$ 4.0	$ (0.9)

Gain (Loss) Reclassified from Accumulated OCI into Income (Effective):	Three Months Ended September 30,		Nine Months Ended September 30,	
Account	2010	2009	2010	2009
Cost of goods sold	$ 0.9	$ 0.5	$ (0.8)	$ 14.6
Other income (expense) - net	(0.9)	(5.7)	(3.2)	(7.2)
Total	$ -	$ (5.2)	$ (4.0)	$ 7.4

Gain (Loss) Recognized on Derivatives (Ineffective) in Income:	Three Months Ended September 30,		Nine Months Ended September 30,	
Account	2010	2009	2010	2009
Other income (expense) - net	$ 1.2	$ 2.6	$ (1.8)	$ 6.6

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

Loss Recognized on Derivatives not designated as hedges in Income:	Three Months Ended September 30,		Nine Months Ended September 30,	
Account	2010	2009	2010	2009
Other income (expense) - net	$ (20.8)	$ -	$ (16.3)	$ -

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

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

Three Months Ended September 30,		Nine Months Ended September 30,	
2010	2009	2010	2009

Balance at beginning of period	$	(0.6)	$	(4.6)	$	(3.6)	$	(1.0)
Additional gains (losses)		-		(3.2)		0.7		(8.3)
Amounts reclassified to earnings		0.9		5.7		3.2		7.2
Balance at end of period	$	0.3	$	(2.1)	$	0.3	$	(2.1)

The estimated amount of existing pre-tax net gains for derivative contracts recorded in OCI as of September 30, 2010 that are expected to be reclassified into earnings in the next twelve months is $0.3 million.

NOTE J – FAIR VALUE MEASUREMENTS

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

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Determining which category an asset or liability falls within this hierarchy requires judgment. The Company evaluates its hierarchy disclosures each quarter. As discussed in Note I - "Derivative Financial Instruments," the Company has three types of derivative instruments that it records at fair value on a recurring basis: the interest rate swap, option derivative contracts and foreign exchange contracts. The interest rate swap and option derivative contracts are categorized under Level 2 of the hierarchy above and are recorded at September 30, 2010 as assets of $59.3 million and $4.8 million, respectively. The foreign exchange contracts are categorized under Level 1 of the hierarchy above and are recorded at September 30, 2010 as a net asset of $0.5 million. The fair value of the interest rate swap agreement is based on LIBOR yield curves at the reporting date. The fair values of the option derivative contracts are based on observable market prices at the reporting date. The fair values of the foreign exchange forward contracts are based on quoted forward foreign exchange prices at the reporting date.

NOTE K – RESTRUCTURING AND OTHER CHARGES

The Company continually evaluates its cost structure to be appropriately positioned to respond to changing market conditions. Given economic trends from 2008 into 2010, the Company initiated certain restructuring programs across all segments to better utilize its workforce and optimize facility utilization to match the demand for its products.

Workforce restructuring activities reduced the number of team members at all levels and caused the Company to incur costs for employee termination benefits related to headcount reductions. The existing reserve balance as of September 30, 2010 for the workforce restructuring activities is expected to be paid during 2010, except for certain activities in the Cranes segment, which are dependent on the expiration of certain government benefits. The costs incurred during the period for employee termination benefits include the impact of expected future headcount reductions.

The following table provides information by segment of the number of team members reduced pursuant to workforce reduction activities during the nine months ended September 30, 2010:

	Number of headcount reductions
Aerial Work Platforms	5
Construction	24
Cranes	187

Materials Processing	63
Corporate and Other	-
Total	279

The Company implemented restructuring activities at certain facilities in its AWP segment to better utilize manufacturing capacity. The Company relocated telehandler production from Baraga, Michigan to its Moses Lake, Washington facility. This program cost $1.9 million and resulted in reductions of approximately 86 team members. This program was complete as of the second quarter of 2010.

To optimize facility utilization, the Company established a restructuring program to move its crushing and screening manufacturing business from Cedarapids, Iowa within the MP segment to other facilities, primarily in North America. Engineering, sales and service functions for materials processing equipment currently made at the plant will be retained at the facility for the near future. The program is expected to cost $4.3 million, of which $2.9 million has been incurred to date, result in reductions of approximately 186 team members and be completed during 2010. Costs of $1.5 million were charged to Cost of goods sold ("COGS") in the nine months ended September 30, 2010 for this program.

The Company established a restructuring program within the MP segment to realize cost synergies and support its joint brand strategy by consolidating certain of its crushing equipment manufacturing businesses. This program will result in the relocation of its Pegson operations in Coalville, United Kingdom to Omagh, Northern Ireland. The global design center for crushing equipment will be retained at Coalville for the near future. The program is expected to cost $8.5 million, of which $6.4 million has been incurred to date, result in reductions of approximately 215 team members and be completed during 2010. Program costs of $1.9 million were charged to Selling, general and administrative expense ("SG&A") in the nine months ended September 30, 2010.

To reduce its cost structure, the Company implemented a restructuring program in Corporate and Other to streamline its corporate office space. This program cost $3.3 million and was substantially completed by the end of the second quarter of 2010, except for certain contractual payments extending through the first quarter of 2011. Program costs of $3.3 million were charged to SG&A in the nine months ended September 30, 2010.

During the second quarter of 2010, the Company executed a restructuring program to better utilize facility space in its Port Equipment Business, which is included in the Cranes segment. The program is expected to cost $11.3 million, of which $10.5 million has been incurred to date, result in reductions of approximately 149 team members and be completed during 2010 except for certain benefits mandated by governmental agencies. Costs of $8.3 million were charged to COGS and $2.2 million to SG&A in the nine months ended September 30, 2010.

During the second quarter of 2010, the Company established restructuring programs in certain facilities in Asia to optimize manufacturing capacity within the Cranes and Construction segments, which are expected to cost $1.4 million and $4.7 million, respectively, and be completed during 2010. The program is expected to result in reductions of approximately 34 team members in the Cranes segment with costs of $0.9 million incurred to date and charged to COGS. The program is expected to result in reductions of approximately 60 team members in the Construction segment with costs of $3.9 million incurred to date and charged to COGS.

The following table provides information for all restructuring activities by segment of the amount of expense incurred during the nine months ended September 30, 2010, the cumulative amount of expenses incurred since inception and the total amount expected to be incurred (in millions):

	Amount incurred during the nine months ended September 30, 2010	Cumulative amount incurred through September 30, 2010	Total amount expected to be incurred
Aerial Work Platforms	$ 0.3	$ 23.4	$ 23.5
Construction	2.7	37.7	39.8
Cranes	11.4	15.7	18.6
Materials Processing	3.5	11.1	15.2
Corporate and Other	3.3	6.0	6.0
Total	$ 21.2	$ 93.9	$ 103.1

The following table provides information by type of restructuring activity with respect to the amount of expense incurred during the nine months ended September 30, 2010, the cumulative amount of expenses incurred since inception and the total amount expected to be incurred (in millions):

	Employee Termination Costs	Facility Exit Costs	Asset Disposal and Other Costs	Total
	$ 9.6	$ 6.1	$ 5.5	$ 21.2

Amount incurred in the nine months ended September 30, 2010								
Cumulative amount incurred through September 30, 2010	$	72.6	$	10.5	$	10.8	$	93.9
Total amount expected to be incurred	$	76.4	$	14.0	$	12.7	$	103.1

The following table provides a roll forward of the restructuring reserve by type of restructuring activity for the nine months ended September 30, 2010 (in millions):

	Employee Termination Costs		Facility Exit Costs		Asset Disposal and Other Costs		Total	
Restructuring reserve at December 31, 2009	$	18.5	$	1.8	$	1.7	$	22.0
Restructuring charges		8.2		1.7		0.9		10.8
Cash expenditures		(14.7)		(1.7)		(0.8)		(17.2)
Restructuring reserve at September 30, 2010	$	12.0	$	1.8	$	1.8	$	15.6

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In the aggregate, the restructuring charges described above incurred during the nine months ended September 30, 2010 and 2009 were included in COGS ($14.0 million and $26.4 million) and SG&A ($7.2 million and $19.8 million), respectively. Included in the restructuring costs are $8.0 million of asset impairments.

NOTE L – LONG-TERM OBLIGATIONS

2006 Credit Agreement

On July 14, 2006, the Company and certain of its subsidiaries entered into a Credit Agreement (the “2006 Credit Agreement”) with the lenders party thereto (the “Lenders”) and Credit Suisse, as administrative and collateral agent. The 2006 Credit Agreement provides the Company with a revolving line of credit of up to $550 million available through July 14, 2012. The revolving line of credit consists of $350 million of domestic revolving loans and $200 million of multicurrency revolving loans. The 2006 Credit Agreement also originally provided for incremental loan commitments of up to $300 million, which may be extended at the option of the Lenders or other lenders, subject to the approval of the administrative agent, in the form of revolving credit loans, term loans or a combination of both. As discussed below, the Company drew $136.5 million in incremental term loans under this commitment during the year ended December 31, 2009, leaving up to $163.5 million available. The 2006 Credit Agreement was amended on January 11, 2008, February 24, 2009, June 3, 2009, January 15, 2010 and October 4, 2010.

Pursuant to the October 2010 amendment, the Company is permitted to make par offers for its 10-7/8% Senior Notes due 2016 (the “10-7/8% Notes”) and its 7-3/8% Senior Subordinated Notes due 2014 (the “7-3/8% Notes”) in accordance with the governing indentures and to redeem or repurchase debt if the minimum liquidity of the Company is greater than $250 million. In addition, the amendment removes the previous $200 million annual limitation on acquisitions and provides the Company with added flexibility in certain other restrictive covenants. In connection with the amendment, on October 14, 2010, the Company repaid the entire $270.2 million principal amount of its term loans then outstanding under the 2006 Credit Agreement with a portion of the net proceeds from the sale of its Mining business.

Pursuant to the January 2010 amendment, the Company was permitted to (i) acquire shares of common stock of Bucyrus in connection with the disposition of its Mining business and (ii) enter into hedging agreements for the purpose of managing risk associated with its investment in Bucyrus stock. In accordance with this amendment, Terex Mining Australia Pty Ltd was replaced as the Australian borrower by Terex Lifting Australia Pty Ltd.

Pursuant to the June 2009 amendment, the Company reduced its domestic revolving credit commitments under the 2006 Credit Agreement by $150 million, repaid $58.4 million principal amount of its term loans thereunder, and increased the interest rates charged thereunder. The amendment also eliminated certain existing financial covenants dealing with the Company’s consolidated leverage ratio and consolidated fixed charge coverage ratio, and instead will require the Company to maintain liquidity of not less than $250 million on the last day of each fiscal quarter through June 30, 2011, and thereafter maintain a specified senior secured debt leverage ratio. Liquidity is defined as Cash and cash equivalents plus availability under the 2006 Credit Agreement. Pursuant to the amendment, the Company added flexibility in various restrictive covenants and agreed to provide certain collateral to secure the Company’s obligations under the 2006 Credit Agreement. Additionally, under the amendment, at any time on or prior to June 30, 2011, if the Company’s consolidated leverage ratio (as defined in the 2006 Credit Agreement) is greater than 2.50 to 1.00, the Company will be prohibited from repurchasing shares of its Common Stock, paying dividends or redeeming debt except with the proceeds of equity offerings and other than regularly scheduled payments of debt and debt under the 2006 Credit Agreement and incurring additional debt. The amendment also included certain other technical changes.

In connection with the acquisition of the Port Equipment Business, on July 22, 2009, the Company entered into an Incremental Term Loan Assumption Agreement (the “JPM Incremental Agreement”) with J.P. Morgan Chase

International Financing Limited and, on July 23, 2009, the Company entered into an Incremental Term Loan Assumption Agreement (the "Additional Incremental Agreement") with certain of the Port Equipment Business lenders, both under the 2006 Credit Agreement. Pursuant to the JPM Incremental Agreement, the Company borrowed $66.2 million, which bore interest at a rate of LIBOR plus 3.75%. Pursuant to the Additional Incremental Agreement, the Company borrowed $70.3 million, which bore interest at a rate of LIBOR plus 3.75%. These incremental term loans were repaid on October 14, 2010.

As of September 30, 2010 and December 31, 2009, the Company had $270.2 million and $272.0 million, respectively, of term loans outstanding under the 2006 Credit Agreement. Term loans under the 2006 Credit Agreement bore interest at a rate of LIBOR plus 3.75%. The weighted average interest rate on the term loans under the 2006 Credit Agreement was 4.00% at September 30, 2010 and December 31, 2009. The term loans outstanding under the 2006 Credit Agreement were repaid on October 14, 2010 and were, therefore, classified as current on the Condensed Consolidated Balance Sheet as of September 30, 2010.

The Company had no revolving credit amounts outstanding as of September 30, 2010 or December 31, 2009.

The 2006 Credit Agreement incorporates facilities for issuance of letters of credit up to $250 million. Letters of credit issued under the 2006 Credit Agreement letter of credit facility decrease availability under the $550 million revolving line of credit. As of September 30, 2010 and December 31, 2009, the Company had letters of credit issued under the 2006 Credit Agreement that totaled $44.1 million and $68.9 million, respectively. The 2006 Credit Agreement also permits the Company to have additional letter of credit facilities up to $100 million, and letters of credit issued under such additional facilities do not decrease availability under the revolving line of credit. As of September 30, 2010 and December 31, 2009, the Company had letters of credit issued under the additional letter of credit facilities of the 2006 Credit Agreement that totaled $7.9 million and $10.8 million, respectively. The Company also has bilateral arrangements to issue letters of credit with various other financial institutions. These additional letters of credit do not reduce our availability under the 2006 Credit Agreement. The Company had letters of credit issued under these additional arrangements of $126.4 million and $152.7 million as of September 30, 2010 and December 31, 2009, respectively. In total, as of September 30, 2010 and December 31, 2009, the Company had letters of credit outstanding of $178.4 million and $232.4 million, respectively.

The 2006 Credit Agreement requires the Company to comply with a number of covenants. These covenants require the Company to meet certain financial tests, namely (a) to maintain liquidity (as defined in the 2006 Credit Agreement) of not less than $250 million on the last day of each fiscal quarter through June 30, 2011, and (b) thereafter, to maintain a senior secured debt leverage ratio (as defined in the 2006 Credit Agreement) not in excess of 3.50 to 1.00 at the end of each fiscal quarter, with the ratio declining to 3.00 to 1.00 effective October 1, 2012 and 2.50 to 1.00 effective October 1, 2013. The covenants also limit, in certain circumstances, the Company's ability to take a variety of actions, including: incur indebtedness; create or maintain liens on its property or assets; make investments, loans and advances; engage in acquisitions, mergers, consolidations and asset sales; redeem debt; and pay dividends and distributions, including share repurchases. The 2006 Credit Agreement also contains customary events of default. The Company's future compliance with its financial covenants under the 2006 Credit Agreement will depend on its ability to generate earnings and manage its assets effectively. The 2006 Credit Agreement also has various non-financial covenants, both requiring the Company to refrain from taking certain future actions (as described above) and requiring the Company to take certain actions, such as keeping in good standing its corporate existence, maintaining insurance, and providing its bank lending group with financial information on a timely basis.

The Company currently is subject to certain restrictions under the 2006 Credit Agreement and its indentures with respect to its uses of cash, including repurchasing shares of its Common Stock, paying dividends and incurring additional debt due to the current calculation of its consolidated leverage ratio under the 2006 Credit Agreement and the consolidated cash flow coverage ratio under its indentures.

The Company and certain of its subsidiaries agreed to take certain actions to secure borrowings under the 2006 Credit Agreement. As a result, the Company and certain of its subsidiaries entered into an Amended and Restated Guarantee and Collateral Agreement with Credit Suisse, as collateral agent for the Lenders, granting security to the Lenders for amounts borrowed under the 2006 Credit Agreement. The Company is required to (a) pledge as collateral the capital stock of the Company's material domestic subsidiaries and 65% of the capital stock of certain of the Company's material foreign subsidiaries, and (b) provide a first priority security interest in, and mortgages on, substantially all of the Company's domestic assets.

10-7/8% Senior Notes

On June 3, 2009, the Company sold and issued $300 million aggregate principal amount of 10-7/8% Notes at 97.633%. The Company used a portion of the approximately $293 million proceeds from the offering of the 10-7/8% Notes, together with a portion of the proceeds from the 4% Convertible Senior Subordinated Notes due 2015 ("4% Convertible Notes") discussed below, to prepay a portion of its term loans under the 2006 Credit Agreement and to pay off the outstanding balance under the revolving credit component of the 2006 Credit Agreement. The 10-7/8% Notes are not currently guaranteed by any of the Company's subsidiaries, but under specified limited circumstances, along with the 4% Convertible Notes and the 8% Senior Subordinated Notes Due 2017 ("8% Notes"), could be guaranteed by certain domestic subsidiaries of the Company in the future. The 10-7/8% Notes are redeemable by the Company beginning in June 2013 at an initial redemption price of 105.438% of principal amount. The Company has offered to purchase at par the 10-7/8% Notes with a portion of proceeds from the Mining business divestiture. This offer expires on November 3, 2010.

4% Convertible Senior Subordinated Notes

On June 3, 2009, the Company sold and issued $172.5 million aggregate principal amount of 4% Convertible Notes. In certain circumstances and during certain periods, the 4% Convertible Notes will be convertible at an initial conversion rate of 61.5385 shares of Common Stock per $1,000 principal amount of convertible notes, equivalent to an initial conversion price of approximately $16.25 per share of Common Stock, subject to adjustment in some events. Upon conversion, Terex will deliver cash up to the aggregate principal amount of the 4% Convertible Notes to be converted and shares of Common Stock with respect to the remainder, if any, of Terex's convertible obligation in excess of the aggregate principal amount of the 4% Convertible Notes being converted. The 4% Convertible Notes are not currently guaranteed by any of the Company's subsidiaries, but under specified limited circumstances, along with the 10-7/8% Notes and 8% Notes, could be guaranteed by certain domestic subsidiaries of the Company in the future.

The Company, as issuer of the 4% Convertible Notes, must separately account for the liability and equity components of the 4% Convertible Notes in a manner that reflects the Company's nonconvertible debt borrowing rate at the date of issuance when interest cost is recognized in subsequent periods. The Company allocated $54.3 million of the $172.5 million principal amount of the 4% Convertible Notes to the equity component, which represents a discount to the debt and will be amortized into interest expense using the effective interest method through June 2015. The Company recorded a related deferred tax liability of $19.4 million on the equity component. The balance of the 4% Convertible Notes was $127.4 million at September 30, 2010. The Company recognized interest expense of $10.5 million on the 4% Convertible Notes for the nine months ended September 30, 2010. The interest expense recognized for the 4% Convertible Notes will increase as the discount is amortized using the effective interest method, which accretes the debt balance over its term to $172.5 million at maturity. Interest expense on the 4% Convertible Notes throughout its term includes 4% annually of cash interest on the maturity balance of $172.5 million plus non-cash interest expense accreted to the debt balance as described.

8% Senior Subordinated Notes

On November 13, 2007, the Company sold and issued $800 million aggregate principal amount of 8% Notes. The 8% Notes are not currently guaranteed by any of the Company's subsidiaries, but under specified limited circumstances could be guaranteed by certain domestic subsidiaries of the Company in the future. The 8% Notes are redeemable by the Company beginning in November 2012 at an initial redemption price of 104.000% of principal amount.

In June 2010, the Company obtained a waiver from the holders of the 8% Notes with respect to the use of the proceeds from the Mining divestiture, as described below. Pursuant to the 8% Notes, the Company has to reinvest the net cash proceeds of divestitures within 365 days or tender for the 8% Notes at par. The holders of the 8% Notes have waived their rights to a tender at par for the Notes with the net cash proceeds (both those cash proceeds already in hand as well as up to $300 million in cash proceeds received upon disposition of the Bucyrus common stock after paying taxes and fees) from the Mining divestiture even if such proceeds have not been reinvested during the 365-day periods following the Mining divestiture and the date or dates of the Company's sales of shares of Bucyrus common stock. The Company is reviewing its alternatives with respect to the use of the net cash proceeds received from the Mining divestiture. The waiver gives the Company greater flexibility with respect to the timing and use of such proceeds.

7-3/8% Senior Subordinated Notes

On November 25, 2003, the Company sold and issued $300 million aggregate principal amount of 7-3/8% Notes discounted to yield 7-1/2%. The 7-3/8% Notes are jointly and severally guaranteed by certain domestic subsidiaries of the Company (see Note P - "Consolidating Financial Statements"). The 7-3/8% Notes were issued in a private placement made in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"). During the second quarter of 2004, the outstanding unregistered 7-3/8% Notes were exchanged for 7-3/8% Notes registered under the Securities Act. The 7-3/8% Notes were redeemable by the Company beginning in January 2009 at an initial redemption price of 103.688% of principal amount. The Company has offered to purchase at par the 7-3/8% Notes with a portion of proceeds from the Mining business divestiture. If the net available cash from the proceeds from the sale of the Mining business after (i) the prepayment of $270.2 million of the term loans under the 2006 Credit Agreement and (ii) the purchase of the 10-7/8% Notes (to the extent that the holders thereof validly surrender such notes), is less than $300 million, the offer amount for the 7-3/8% Notes shall be automatically reduced to such remaining net available cash. This offer expires on November 3, 2010.

Based on indicative price quotations from financial institutions multiplied by the amount recorded on the Company's Condensed Consolidated Balance Sheet ("Book Value"), the Company estimates the fair values ("FV") of its debt set forth below as of September 30, 2010, as follows (in millions, except for quotes):

	Book Value	Quote	FV
7-3/8% Notes	$ 299.1	$ 1.02125	$ 305
8% Notes	$ 800.0	$ 0.99500	$ 796
4% Convertible Notes (net of discount)	$ 127.4	$ 1.58750	$ 202
10-7/8% Notes	$ 294.3	$ 1.14500	$ 337

The Company repaid its term loans under the 2006 Credit Agreement, including accrued interest, on October 14, 2010 and, therefore, the carrying value of the term debt equaled fair value on September 30, 2010. The Company believes that the carrying value of its other borrowings approximates fair market value based on discounted future cash flows using rates currently available for debt of similar terms and remaining maturities.

NOTE M – RETIREMENT PLANS AND OTHER BENEFITS

Pension Plans

U.S. Plans - As of September 30, 2010, the Company maintained one qualified defined benefit pension plan covering certain domestic employees (the "Terex Plan"). Participation in the plan for all employees has been frozen. Participants are credited with post-freeze service for purposes of determining vesting and retirement eligibility only. The benefits covering salaried employees are based primarily on years of service and employees' qualifying compensation during the final years of employment. The benefits covering bargaining unit employees are based primarily on years of service and a flat dollar amount per year of service. It is the Company's policy generally to fund the Terex Plan based on the minimum requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Plan assets consist primarily of common stocks, bonds and short-term cash equivalent funds.

The Company maintains a nonqualified Supplemental Executive Retirement Plan ("SERP"). The SERP provides retirement benefits to certain senior executives of the Company. Generally, the SERP provides a benefit based on average total compensation earned over a participant's final five years of employment and years of service reduced by benefits earned under any Company retirement program, excluding salary deferrals and matching contributions. In addition, benefits are reduced by Social Security Primary Insurance Amounts attributable to Company contributions. The SERP is unfunded. Participation in the SERP has been frozen.

Other Postemployment Benefits

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

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Components of net periodic cost:				
Service cost	$ 0.5	$ 0.5	$ 1.5	$ 1.6
Interest cost	2.1	2.1	6.4	6.4
Expected return on plan assets	(1.8)	(1.6)	(5.4)	(4.9)
Amortization of prior service cost	-	-	0.1	-
Recognized actuarial loss	0.9	1.3	2.6	3.8
Net periodic cost	$ 1.7	$ 2.3	$ 5.2	$ 6.9

	Other Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	

	2010	2009	2010	2009
Components of net periodic cost:				
Service cost	$ -	$ -	$ -	$ 0.1
Interest cost	0.2	0.2	0.5	0.5
Amortization of prior service cost	-	-	0.1	-
Recognized actuarial loss	-	0.1	0.1	0.3
Net periodic cost	$ 0.2	$ 0.3	$ 0.7	$ 0.9

The Company plans to contribute approximately $5 million to its U.S. defined benefit pension and post-retirement plans for the year ending December 31, 2010. During the nine months ended September 30, 2010, the Company contributed $3.9 million to its U.S. defined benefit pension plans.

Non-U.S. Plans – The Company maintains defined benefit plans in Germany, France, China, India and the United Kingdom for some of its subsidiaries. The plans in Germany, China, India and France are unfunded plans. The defined benefit plan in the United Kingdom was frozen effective July 31, 2010. Active participants in this plan are eligible prospectively to participate in a defined contribution plan. There was a curtailment gain of $3.5 million with respect to this plan that was offset against actuarial losses. For the Company's operations in Italy, there are mandatory termination indemnity plans providing a benefit that is payable upon termination of employment in substantially all cases of termination. The Company records this obligation based on the mandated requirements. The measure of the current obligation is not dependent on the employees' future service and therefore is measured at current value.

	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Components of net periodic cost:				
Service cost	$ 0.8	$ 2.1	$ 2.8	$ 4.3
Interest cost	2.2	2.3	6.6	6.7
Expected return on plan assets	(1.2)	(1.2)	(3.6)	(3.4)
Recognized actuarial loss	0.3	0.3	1.0	0.8
Net periodic cost	$ 2.1	$ 3.5	$ 6.8	$ 8.4

The Company plans to contribute approximately $10 million to its non-U.S. defined benefit pension plans for the year ending December 31, 2010. During the nine months ended September 30, 2010, the Company contributed $8.2 million to its international defined benefit pension plans.

NOTE N – LITIGATION AND CONTINGENCIES

In the Company's lines of business, numerous suits have been filed alleging damages for accidents that have occurred during the use or operation of the Company's products. The Company is insured for product liability, general liability, workers' compensation, employer's liability, property damage and other insurable risk required by law or contract with retained liability to the Company or deductibles. The Company has recorded and maintains an estimated liability in the amount of management's estimate of the Company's aggregate exposure for such retained liabilities and deductibles. For such retained liabilities and deductibles, the Company determines its exposure based on probable loss estimations, which requires such losses to be both probable and the amount or range of possible loss to be estimable. Management does not believe that the outcome of such matters will have a material adverse effect on the Company's consolidated financial position.

The Company has received complaints in a number of class action lawsuits, which generally cover the period from February 2008 to February 2009. These lawsuits include four ERISA class action lawsuits, three securities class action lawsuits, and one stockholder derivative lawsuit.

The four ERISA class action lawsuits, all filed in the United States District Court, District of Connecticut, have been consolidated and an amended complaint was filed on September 20 by Kenneth M. Lipman, Eddie Webb, Binyam Ghebreghiorgis, Scott Hollander and Mark Caswell, individually and on behalf of the Terex Corporation and Affiliates' 401(k) and Retirement Savings Plan and all others similarly situated against Terex Corporation, Ronald DeFeo, G. Chris Anderson, Paula H. J. Cholmondeley, Donald DeFosset, William H. Fike, Thomas J. Hansen, Donald P. Jacobs, David A. Sachs, Oren G. Shaffer, David C. Wang, Helge H. Wehmeier and the Administrative Committee of the Terex Corporation and Affiliates' 401(k) and Retirement Savings Plan.

The three securities class action complaints, all filed in the United States District Court, District of Connecticut, are:

- Sheet Metal Workers Local 32 Pension Fund, individually and on behalf of all others similarly situated v. Terex Corporation, Ronald M. DeFeo, Thomas J. Riordan and Phillip C. Widman, filed December 21, 2009;
- Michael Glassman, Trustee on behalf of the Kathleen & Michael Glassman Family Trust, individually and on behalf of itself and all others similarly situated v. Terex Corporation, Ronald M. DeFeo, Phillip C. Widman and Thomas J. Riordan, filed January 15, 2010; and
- James C. Hays, individually and on behalf of himself and all others similarly situated v. Terex Corporation, Ronald M. DeFeo, Phillip C. Widman and Thomas J. Riordan, filed February 5, 2010.

The securities class action complaints have been consolidated, but the Company has not yet received an amended complaint.

The stockholder derivative complaint was filed on April 12, 2010 in the United States District Court, District of Connecticut and is entitled Peter Derrer, derivatively on behalf of Terex Corporation v. Ronald M. DeFeo, Phillip C. Widman, Thomas J. Riordan, G. Chris Andersen, Donald P. Jacobs, David A. Sachs, William H. Fike, Donald DeFosset, Helge H. Wehmeier, Paula H.J. Cholmondeley, Oren G. Shaffer, Thomas J. Hansen, and David C. Wang, and Terex Corporation.

The lawsuits allege, among other things, that certain of the Company's United States Securities and Exchange Commission ("SEC") filings and other public statements contained false and misleading statements which resulted in damages to the Company, the plaintiffs and the members of the purported class when they purchased the Company's securities and that there were breaches of fiduciary duties and of ERISA disclosure requirements. These actions are at the very early stages and the Company has no information other than as set forth in the complaints. The complaints all seek, among other things, unspecified compensatory damages, costs and expenses. The derivative complaint also seeks amendments to the Company's corporate governance procedures in addition to unspecified compensatory damages from the individual defendants in favor of the Company. The Company believes that the allegations in the suits are without merit, and Terex, its directors and the named executives will vigorously defend against them. The Company believes that it has acted, and continues to act, in compliance with federal securities laws and ERISA law with respect to these matters.

See Note D - "Discontinued Operations" for further information on the Company's dispute with Bucyrus regarding the calculation of the value of the assets of the Mining business.

The Company is involved in various other legal proceedings, including workers' compensation liability and intellectual property litigation, which have arisen in the normal course of its operations. The Company has recorded provisions for estimated losses in circumstances where a loss is probable and the amount or range of possible amounts of the loss is estimable.

The Company's outstanding letters of credit totaled $178.4 million at September 30, 2010. The letters of credit generally serve as collateral for certain liabilities included in the Consolidated Balance Sheet. Certain of the letters of credit serve as collateral guaranteeing the Company's performance under contracts.

The Company has a letter of credit outstanding covering losses related to two former subsidiaries' workers' compensation obligations. The Company has recorded liabilities for these contingent obligations in circumstances where a loss is probable and the amount or range of possible amounts of the loss is estimable.

Credit Guarantees

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

As of September 30, 2010 and December 31, 2009, the Company's maximum exposure to such credit guarantees was $218.0 million and $236.2 million, respectively, including total guarantees issued by Terex Demag GmbH, part of the Cranes segment, of $123.4 million and $151.4 million, respectively, and Genie Holdings, Inc. and its affiliates ("Genie"), part of the AWP segment, of $34.1 million and $41.7 million, respectively. The terms of these guarantees coincide with the financing arranged by the customer and generally do not exceed five years. Given the Company's position as the original equipment manufacturer and its knowledge of end markets, the Company, when called upon to fulfill a guarantee, generally has been able to liquidate the financed equipment at a minimal loss, if any, to the Company.

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

Residual Value and Buyback Guarantees

The Company issues residual value guarantees under sales-type leases. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. The maximum exposure for residual value guarantees issued by the Company totaled \$22.2 million and \$26.7 million as of September 30, 2010 and December 31, 2009, respectively. The Company is able to mitigate some of the risk associated with these guarantees because the maturity of the guarantees is staggered, limiting the amount of used equipment entering the marketplace at any one time.

The Company from time to time guarantees that it will buy equipment from its customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. As of September 30, 2010 and December 31, 2009, the Company's maximum exposure pursuant to buyback guarantees was $115.8 million and $138.6 million, respectively, including total guarantees issued by Genie of $110.4 million and $133.6 million, respectively. The Company is able to mitigate some of the risk of these guarantees by staggering the timing of the buybacks and through leveraging its access to the used equipment markets provided by the Company's original equipment manufacturer status.

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

The Company has recorded an aggregate liability within Other current liabilities and Retirement plans and other in the Condensed Consolidated Balance Sheet of approximately $21 million as of September 30, 2010 and December 31, 2009, for the estimated fair value of all guarantees provided.

NOTE O – STOCKHOLDERS' EQUITY

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net (loss) income	$ (94.7)	$ (102.2)	$ 408.0	$ (253.9)
Other comprehensive income (loss):				
Pension liability adjustment	(0.5)	0.9	18.2	0.5
Translation adjustment	188.9	51.5	(42.6)	148.9
Equity security adjustment	82.2	0.5	25.3	0.4
Derivative hedging adjustment	0.9	2.5	3.9	(1.1)
Comprehensive (loss) income	176.8	(46.8)	412.8	(105.2)
Comprehensive loss attributable to noncontrolling interest	(1.1)	(0.9)	(4.2)	(1.7)
Comprehensive (loss) income attributable to Terex Corporation	$ 175.7	$ (47.7)	$ 408.6	$ (106.9)

During the nine months ended September 30, 2010, the Company purchased 29% of the noncontrolling interest in one of its consolidated subsidiaries in the Construction segment. The result of the transaction was a decrease in Noncontrolling interest of $0.7 million and a decrease in Additional paid-in capital of $12.3 million in the Condensed Consolidated Balance Sheet as of September 30, 2010.

During the nine months ended September 30, 2010, the Company granted 2.0 million shares of restricted stock to its employees with a weighted average grant date fair value of $20.11 per share. Approximately 62% of these restricted stock awards vest ratably over a five-year period. Approximately 34% of the shares granted are based on performance targets containing a market condition. The Company used the Monte Carlo method to determine grant date fair values of $16.17-$19.08 per share and a derived service period of four years for the awards with a market condition. The Monte Carlo method is a statistical simulation technique used to provide the grant date fair value of an award. The following table presents the weighted-average assumptions used in the valuation:

Dividend yields	0.00%
Expected volatility	59.04%
Risk free interest rate	3.04%
Expected life (in years)	4

During the nine months ended September 30, 2010, the Company issued 41 thousand shares and purchased 50 thousand shares of its outstanding Common Stock for a deferred compensation plan under a Rabbi Trust.

NOTE P – CONSOLIDATING FINANCIAL STATEMENTS

On November 25, 2003, the Company sold and issued $300 million aggregate principal amount of the 7-3/8% Notes. As of December 31, 2008, the 7-3/8% Notes were jointly and severally guaranteed by the following wholly-owned subsidiaries of the Company (the “Wholly-owned Guarantors”): Amida Industries, Inc., A.S.V., Inc., CMI Terex Corporation, Duvalpilot Equipment Outfitters, LLC, Genie Financial Services, Inc., Genie Holdings, Inc., Genie Industries, Inc., Genie International, Inc., Genie Manufacturing, Inc., GFS National, Inc., Hydra Platforms Mfg. Inc., Loegering Mfg. Inc., Powerscreen Holdings USA Inc., Powerscreen International LLC, Powerscreen North America Inc., Powerscreen USA, LLC, Powerscreen USC Inc., PPM Cranes, Inc., Schaeff Incorporated, Schaeff of North America, Inc., Spinnaker Insurance Company, Terex Advance Mixer, Inc., Terex Aerials, Inc., Terex Financial Services, Inc., Terex USA, LLC, Terex Utilities, Inc., Terex-RO Corporation and Terex-Telelect, Inc. All of the guarantees are full and unconditional. No subsidiaries of the Company except the Wholly-owned Guarantors have provided a guarantee of the 7-3/8% Notes.

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

Terex Corporation consists of parent company operations and non-guarantor subsidiaries directly owned by the parent company. Subsidiaries of the parent company are reported on the equity basis. Wholly-owned Guarantors combine the operations of the Wholly-owned Guarantor subsidiaries. Subsidiaries of Wholly-owned Guarantors that are not themselves guarantors are reported on the equity basis. Non-guarantor subsidiaries combine the operations of subsidiaries which have not provided a guarantee of the obligations of Terex Corporation under the 7-3/8% Notes. Debt and goodwill allocated to subsidiaries are presented on a “push-down” accounting basis.

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2010
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$ 64.1	$ 430.2	$ 731.0	$ (149.5)	$ 1,075.8
Cost of goods sold	(55.7)	(372.4)	(633.3)	149.5	(911.9)
Gross profit	8.4	57.8	97.7	-	163.9
Selling, general & administrative expenses	(19.0)	(46.1)	(95.2)	-	(160.3)
(Loss) income from operations	(10.6)	11.7	2.5	-	3.6
Interest income	0.1	0.1	2.6	-	2.8
Interest expense	(27.1)	(1.8)	(7.2)	-	(36.1)
Income (loss) from subsidiaries	(52.6)	-	-	52.6	-
Other income (expense) - net	(17.1)	(0.6)	(3.8)	-	(21.5)
(Loss) income from continuing operations before income taxes	(107.3)	9.4	(5.9)	52.6	(51.2)
(Provision for) benefit from income taxes	28.1	3.1	(69.8)	-	(38.6)
(Loss) income from continuing operations	(79.2)	12.5	(75.7)	52.6	(89.8)
Loss from discontinued operations – net of tax	(0.6)	(0.4)	(2.4)	-	(3.4)
(Loss) gain on disposition of discontinued operations	(16.0)	26.1	(11.6)	-	(1.5)
Net (loss) income	(95.8)	38.2	(89.7)	52.6	(94.7)
Less: Net income attributable to noncontrolling interest	-	-	(1.1)	-	(1.1)
Net (loss) income attributable to Terex Corporation	$ (95.8)	$ 38.2	$ (90.8)	$ 52.6	$ (95.8)

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2009
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$ 40.9	$ 288.0	$ 669.0	$ (64.0)	$ 933.9
Cost of goods sold	(46.5)	(302.2)	(579.7)	64.0	(864.4)
Gross profit	(5.6)	(14.2)	89.3	-	69.5
Selling, general & administrative expenses	(9.9)	(54.2)	(105.7)	-	(169.8)
Loss from operations	(15.5)	(68.4)	(16.4)	-	(100.3)
Interest income	0.5	-	0.8	-	1.3

Interest expense		(25.6)		(2.1)		(4.8)		-		(32.5)
Income (loss) from subsidiaries		(72.4)		-		-		72.4		-
Other income (expense) - net		2.8		0.1		(4.4)		-		(1.5)
Loss from continuing operations before income taxes		(110.2)		(70.4)		(24.8)		72.4		(133.0)
Benefit from income taxes		5.4		12.3		9.8		-		27.5
Loss from continuing operations		(104.8)		(58.1)		(15.0)		72.4		(105.5)
Income (loss) from discontinued operations – net of tax		1.7		(1.3)		2.9		-		3.3
Net loss		(103.1)		(59.4)		(12.1)		72.4		(102.2)
Less: Net income attributable to noncontrolling interest		-		(0.6)		(0.3)		-		(0.9)
Net loss attributable to Terex Corporation	$	(103.1)	$	(60.0)	$	(12.4)	$	72.4	$	(103.1)

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2010
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$ 154.6	$ 1,139.5	$ 2,209.5	$ (412.0)	$ 3,091.6
Cost of goods sold	(145.2)	(1,020.8)	(1,920.3)	412.0	(2,674.3)
Gross profit	9.4	118.7	289.2	-	417.3
Selling, general & administrative expenses	(53.1)	(138.4)	(299.1)	-	(490.6)
Loss from operations	(43.7)	(19.7)	(9.9)	-	(73.3)
Interest income	0.8	0.2	4.9	-	5.9
Interest expense	(80.6)	(5.3)	(21.5)	-	(107.4)
Income from subsidiaries	371.1	-	-	(371.1)	-
Other income (expense) - net	(17.1)	(1.5)	(7.3)	-	(25.9)
Income (loss) from continuing operations before income taxes	230.5	(26.3)	(33.8)	(371.1)	(200.7)
Benefit from (provision for) income taxes	44.9	11.0	(34.0)	-	21.9
Income (loss) from continuing operations	275.4	(15.3)	(67.8)	(371.1)	(178.8)
(Loss) income from discontinued operations – net of tax	(5.0)	(5.1)	3.0	-	(7.1)
Gain on disposition of discontinued operations	133.4	77.1	383.4	-	593.9
Net income	403.8	56.7	318.6	(371.1)	408.0
Less: Net income attributable to noncontrolling interest	-	-	(4.2)	-	(4.2)
Net income attributable to Terex Corporation	$ 403.8	$ 56.7	$ 314.4	$ (371.1)	$ 403.8

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2009
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$ 94.6	$ 913.3	$ 2,035.6	$ (196.5)	$ 2,847.0
Cost of goods sold	(108.0)	(923.5)	(1,809.6)	196.5	(2,644.6)
Gross profit	(13.4)	(10.2)	226.0	-	202.4
Selling, general & administrative expenses	(47.2)	(167.6)	(314.0)	-	(528.8)
Loss from operations	(60.6)	(177.8)	(88.0)	-	(326.4)
Interest income	0.8	0.2	2.2	-	3.2
Interest expense	(57.3)	(6.9)	(16.9)	-	(81.1)
Loss on early extinguishment of debt	(3.3)	-	-	-	(3.3)

Income (loss) from subsidiaries	(188.2)		-		-		188.2		-
Other income (expense) - net	13.3		(0.3)		(13.5)		-		(0.5)
Loss from continuing operations before income taxes	(295.3)		(184.8)		(116.2)		188.2		(408.1)
Benefit from income taxes	3.9		30.4		71.0		-		105.3
Loss from continuing operations	(291.4)		(154.4)		(45.2)		188.2		(302.8)
Income from discontinued operations – net of tax	35.8		12.5		0.6		-		48.9
Net loss	(255.6)		(141.9)		(44.6)		188.2		(253.9)
Less: Net income attributable to noncontrolling interest	-		(0.6)		(1.1)		-		(1.7)
Net loss attributable to Terex Corporation $	(255.6)	$	(142.5)	$	(45.7)	$	188.2	$	(255.6)

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TEREX CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2010
(in millions)

	Terex Corporation	Wholly-Owned Guarantors	Non-Guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 578.9	$ 1.6	$ 773.8	$ -	$ 1,354.3
Investments in marketable securities	403.8	-	-	-	403.8
Trade receivables - net	31.3	186.6	509.5	-	727.4
Intercompany receivables	6.4	99.4	44.7	(150.5)	-
Inventories	64.4	314.1	1,109.6	-	1,488.1
Other current assets	45.8	19.3	120.1	-	185.2
Current assets – discontinued operations	-	-	0.6	-	0.6
Total current assets	1,130.6	621.0	2,558.3	(150.5)	4,159.4
Property, plant & equipment - net	54.0	112.7	404.0	-	570.7
Goodwill	0.2	150.2	345.8	-	496.2
Non-current intercompany receivables	698.3	48.7	39.1	(786.1)	-
Investment in and advances to (from) subsidiaries	2,720.4	(457.5)	2,496.2	(4,747.5)	11.6
Other assets	108.4	179.8	179.2	-	467.4
Non-current assets – discontinued operations	-	-	1.4	-	1.4
Total assets	$ 4,711.9	$ 654.9	$ 6,024.0	$ (5,684.1)	$ 5,706.7
Liabilities and stockholders’ equity					
Current liabilities					
Notes payable and current portion of long-term debt	$ 270.2	$ 5.5	$ 41.1	$ -	$ 316.8
Trade accounts payable	17.1	137.3	414.0	-	568.4
Intercompany payables	44.9	21.5	84.1	(150.5)	-
Accruals and other current liabilities	(9.0)	83.1	578.3	-	652.4
Current liabilities – discontinued operations	-	-	2.2	-	2.2
Total current liabilities	323.2	247.4	1,119.7	(150.5)	1,539.8
Long-term debt, less current portion	1,193.9	119.6	342.9	-	1,656.4
Non-current intercompany payables	1,003.3	(960.3)	743.1	(786.1)	-
Retirement plans and other long-term liabilities	127.2	52.5	245.6	-	425.3
Non-current liabilities – discontinued operations	-	-	0.1	-	0.1
Stockholders’ equity	2,064.3	1,195.7	3,572.6	(4,747.5)	2,085.1
Total liabilities and stockholders’ equity	$ 4,711.9	$ 654.9	$ 6,024.0	$ (5,684.1)	$ 5,706.7

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TEREX CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2009
(in millions)

	Terex Corporation	Wholly-Owned Guarantors	Non-Guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 578.6	$ 1.6	$ 349.3	$ -	$ 929.5
Investments in marketable securities	0.6	-	-	-	0.6
Trade receivables - net	16.1	120.8	456.9	-	593.8
Intercompany receivables	5.5	44.7	6.9	(57.1)	-
Inventories	63.0	305.4	975.5	-	1,343.9
Other current assets	175.3	9.3	138.9	-	323.5
Current assets – discontinued operations	162.1	35.1	549.0	(22.9)	723.3
Total current assets	1,001.2	516.9	2,476.5	(80.0)	3,914.6
Property, plant & equipment - net	54.8	121.2	429.0	-	605.0
Goodwill	4.8	145.7	360.6	-	511.1
Non-current intercompany receivables	976.6	49.6	172.6	(1,198.8)	-
Investment in and advances to (from) subsidiaries	2,307.1	(887.9)	2,645.5	(4,054.7)	10.0
Other assets	100.2	157.4	205.9	-	463.5
Non-current assets – discontinued operations	17.6	100.6	91.4	-	209.6
Total assets	$ 4,462.3	$ 203.5	$ 6,381.5	$ (5,333.5)	$ 5,713.8
Liabilities and stockholders' equity					
Current liabilities					
Notes payable and current portion of long-term debt	$ 2.6	$ 6.5	$ 64.6	$ -	$ 73.7
Trade accounts payable	25.0	74.9	425.2	-	525.1
Intercompany payables	(40.2)	18.4	78.9	(57.1)	-
Accruals and other current liabilities	126.7	105.7	466.0	-	698.4
Current liabilities – discontinued operations	118.0	3.9	158.5	(22.9)	257.5
Total current liabilities	232.1	209.4	1,193.2	(80.0)	1,554.7
Long-term debt, less current portion	1,428.0	119.4	345.3	-	1,892.7
Non-current intercompany payables	1,080.2	(935.1)	1,053.7	(1,198.8)	-
Retirement plans and other long-term liabilities	141.6	61.4	245.2	-	448.2
Non-current liabilities – discontinued operations	(69.8)	115.2	98.4	-	143.8
Stockholders' equity	1,650.2	633.2	3,445.7	(4,054.7)	1,674.4
Total liabilities and stockholders' equity	$ 4,462.3	$ 203.5	$ 6,381.5	$ (5,333.5)	$ 5,713.8

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TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2010
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash (used in) provided by operating activities of continuing operations	$ (244.4)	$ 10.8	$ (235.2)	$ -	$ (468.8)
Cash flows from investing activities					
Capital expenditures	(6.7)	(6.4)	(23.8)	-	(36.9)
Investments in and advances to affiliates	-	-	(4.7)	-	(4.7)
Proceeds from disposition of discontinued operations	294.8	-	707.2	-	1,002.0
Investments in derivative securities	(21.1)	-	-	-	(21.1)
Other, net	2.4	1.1	3.8	-	7.3
Net cash provided by (used in) investing activities of continuing operations	269.4	(5.3)	682.5	-	946.6
Cash flows from financing activities					
Principal repayments of long-term debt	(1.4)	(0.3)	(0.3)	-	(2.0)
Net repayments under revolving line of credit agreement	-	(1.0)	(24.5)	-	(25.5)
Payment of debt issuance costs	(5.8)	(0.6)	(0.7)	-	(7.1)
Purchase of noncontrolling interest	-	-	(12.9)	-	(12.9)
Distributions to noncontrolling interest	-	(0.2)	(3.2)	-	(3.4)
Other, net	1.0	(0.1)	(0.9)	-	-
Net cash used in financing activities of continuing operations	(6.2)	(2.2)	(42.5)	-	(50.9)
Cash flows from discontinued operations					
Net cash used in operating activities of discontinued operations	(19.3)	(2.2)	(31.6)	-	(53.1)
Net cash provided by investing activities of discontinued	-				

operations