

TEREX CORP  
Form 10-K  
February 24, 2010  
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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

## FORM 10-K

FOR ANNUAL AND TRANSITIONAL REPORTS PURSUANT TO  
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the Fiscal Year Ended December 31, 2009

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 1-10702

### TEREX CORPORATION

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(Exact Name of Registrant as Specified in Charter)

**DELAWARE**  
(State of incorporation)

**34-1531521**  
(I.R.S. Employer Identification No.)

**200 NYALA FARM ROAD, WESTPORT, CONNECTICUT**  
(Address of principal executive offices)

**06880**  
(Zip Code)

Registrant's Telephone Number, including area code: **(203) 222-7170**

Securities registered pursuant to Section 12(b) of the Act:

**COMMON STOCK, \$.01 PAR VALUE**

(Title of Class)

**NEW YORK STOCK EXCHANGE**

(Name of Exchange on which Registered)

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **YES**  **NO**

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. **YES**  **NO**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES**  **NO**

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

**x**

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

**Large Accelerated Filer**

**Accelerated Filer**

**Non-accelerated Filer**

**Smaller Reporting Company**

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

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant was approximately \$1,264 million based on the last sale price on June 30, 2009.

**THE NUMBER OF SHARES OF THE REGISTRANT'S COMMON STOCK OUTSTANDING WAS  
108.3 MILLION AS OF FEBRUARY 18, 2010.**

### **DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the year covered by this Form 10-K with respect to the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

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As used in this Annual Report on Form 10-K, unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as Terex, the Registrant, us, we, our or the Company. This Annual Report generally speaks as of December 31, 2018, unless specifically noted otherwise.

Forward-Looking Information

Certain information in this Annual Report includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) 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 Annual Report or in documents incorporated herein by reference, the words may, expects, intends, anticipates, plans, projects, estimates and the negatives thereof and 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, including our ability to use the proceeds of this transaction for acquisitions;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to fluctuations in government spending;
- our business is very competitive and 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;

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- the effects of changes in laws and regulations;
- 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 );
- investigation by the United States Department of Justice ( DOJ );
- our implementation of a global enterprise system and its performance; and
- other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements contained herein speak only as of the date of this Annual 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 Annual 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-K have been prepared by, and are the responsibility of, Terex's management. PricewaterhouseCoopers LLP ( PwC ) has neither examined, compiled nor 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. The PwC report included in this Form 10-K relates to the Company's historical financial information. It does not extend to the forward-looking statements and prospective financial information and should not be read to do so.

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**PART I**

**ITEM 1. BUSINESS**

**GENERAL**

Terex is a diversified global equipment manufacturer of a variety of machinery products. We are focused on delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, shipping, transportation, power and energy industries. We operate in four reportable segments: (i) Aerial Work Platforms; (ii) Construction; (iii) Cranes; and (iv) Materials Processing.

On December 20, 2009, we signed a definitive agreement for the divestiture of our Mining business, and as a result, this business is reflected as a discontinued operation in this Annual Report. With the completion of the divestiture on February 19, 2010, we have completed the first step in our strategy to transform Terex from what has historically been predominately a construction and mining equipment company to a manufacturer of more diverse niche machinery and industrial products.

We view our purpose as making products that will be used to improve the lives of people around the world. Our mission is to delight our customers with value added offerings that exceed their current and future needs. Our vision focuses on our commitments to our core constituencies of customers, stakeholders and team members by providing our customers with a superior ownership experience, our stakeholders with a profitable enterprise that increases value, and our team members with a preferred place to work.

Our Company was incorporated in Delaware in October 1986 as Terex U.S.A., Inc. We have changed significantly since that time, achieving \$4.0 billion of net sales in 2009. Much of our historic growth has been achieved through acquisitions, and, over the past five years, we increased our focus on becoming a superb operating company under the Terex franchise. Now, following consummation of the sale of our Mining business, we foresee increasing our acquisition activity through targeted transactions intended to broaden our businesses and product categories.

As we have grown, our business has become increasingly international in scope, with our products manufactured in North and South America, Europe, Australia and Asia and sold worldwide. We are focusing on expanding our business globally, with an increased emphasis on developing markets such as China, India, Russia, the Middle East and Latin America.

For financial information about our industry and geographic segments, see Management's Discussion and Analysis of Financial Condition and Results of Operations and Note B - Business Segment Information in the Notes to the Consolidated Financial Statements.

**AERIAL WORK PLATFORMS**

Our Aerial Work Platforms segment designs, manufactures, refurbishes and markets aerial work platform equipment, telehandlers, light towers and utility equipment. Products include material lifts, portable aerial work platforms, trailer-mounted articulating booms, self-propelled articulating and telescopic booms, scissor lifts, telehandlers, trailer-mounted light towers and utility equipment (including truck-mounted digger derricks, aerial devices and cable placers) as well as their related components and replacement parts. Customers use our 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. We market our Aerial Work Platforms products principally under the Terex® and Genie® brand names and the Terex® name in conjunction with certain historic brand names.

Aerial Work Platforms has the following significant manufacturing operations:

- Aerial work platform equipment is manufactured in Redmond and Moses Lake, Washington, Perugia, Italy and Coventry, England;
- Telehandlers are manufactured in Moses Lake, Washington and Perugia, Italy;
- Trailer-mounted light towers and trailer-mounted articulated booms are manufactured in Rock Hill, South Carolina; and
- Utility products are manufactured in Watertown and Huron, South Dakota.

We have aerial work platform refurbishment facilities located in Waco, Texas and Modesto, California.

We recently opened a new parts and logistic center located in North Bend, Washington for our aerial work platform equipment. In 2009, we consolidated our European parts and logistics operations to an out-sourced facility in Roosendaal, the Netherlands.

We are in the process of constructing a facility in Changzhou, China for the manufacture of aerial work platform equipment.



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We also own much of the North American distribution channel for the utility products group. These operations sell, service and rent our utility products as well as other products that service the utility industry. They also provide parts and service support for a variety of other Terex® products, including aerial devices. We also maintain a fleet of rental utility products available for rental in the United States and Canada.

Our auger machines and auger tools product lines, which had been part of our Mining business, have been retained by Terex and became part of our Aerial Work Platforms segment upon the conclusion of the disposition of our Mining business. Our auger equipment is used in construction and foundation drilling applications.

In December 2009, we completed the sale of our power buggy product line, and in January 2010, we completed the sale of our generator product line. Both of these product lines were included in our Aerial Work Platforms segment.

**CONSTRUCTION**

Our Construction segment designs, manufactures and markets three primary categories of construction equipment and their related components and replacement parts:

- Heavy construction equipment, including off-highway trucks, scrapers, hydraulic excavators, large wheel loaders and material handlers;
- Compact construction equipment, including loader backhoes, compaction equipment, mini and midi excavators, site dumpers, compact track loaders, skid steer loaders and wheel loaders; and
- Roadbuilding equipment, including asphalt and concrete equipment (including pavers, transfer devices, plants, mixers, reclaimers/stabilizers, placers and cold planers), 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. We market our Construction products principally under the Terex® brand name and the Terex® name in conjunction with certain historic brand names.

Construction has the following significant manufacturing operations:

Heavy Construction Equipment

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- Off-highway rigid haul trucks and articulated haul trucks and scrapers are manufactured in Motherwell, Scotland;
- Wheel loaders are manufactured in Crailsheim, Germany;
- Excavators and material handlers are manufactured in Ganderkesee, Germany; and
- Material handlers are manufactured in Bad Schoenborn, Germany.

### Compact Construction Equipment

- Compact track loaders are manufactured in Grand Rapids, Minnesota and undercarriage components for compact track loaders and crawler conversion parts for compact skid steer loaders and aerial work platform products are manufactured in Cohasset, Minnesota;
- Site dumpers, compaction equipment and loader backhoes, as well as products for our Aerial Work Platforms segment, are manufactured in Coventry, England;
- A range of wheel loaders are manufactured in Crailsheim, Germany, mini excavators and midi excavators are manufactured in Rothenburg, Germany, and parts for the above-referenced products are manufactured in Langenburg and Gerabronn, Germany. In addition, specialized tunneling machines are manufactured in Langenburg, Germany;
- Loader backhoes and skid steer loaders are manufactured for markets in India and neighboring countries in Greater Noida, Uttar Pradesh, India; and
- Mini excavators are manufactured for the Chinese market in Sanhe, China.

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Roadbuilding Equipment

- Cold planers, reclaimers/stabilizers, asphalt plants, asphalt pavers, concrete plants, concrete pavers, concrete placers, transfer devices and landfill compactors, as well as products for our Materials Processing segment, are manufactured in Oklahoma City, Oklahoma;
- Asphalt plants, asphalt pavers, soil plants, cold planers, and micropaving and asphalt distributor equipment are manufactured in Cachoeirinha, Brazil;
- Concrete pavers are manufactured in Canton, South Dakota;
- Bridge inspection equipment is manufactured in Rock Hill, South Carolina; and
- Front and rear discharge concrete mixer trucks are manufactured in Fort Wayne, Indiana.

Construction's North American distribution center is in Southaven, Mississippi and serves as a parts center for Construction and other Terex operations.

We have a minority interest in Inner Mongolia North Hauler Joint Stock Company Limited ( North Hauler ), a company incorporated under the laws of China, which manufactures rigid haulers in China. Trucks manufactured by North Hauler, which is located in Baotou, Inner Mongolia, are principally used in China under the Terex® brand name. We also have a minority interest in Atlas Construction Machinery Company Ltd., a company incorporated under the laws of China, which manufactures excavators in China.

**CRANES**

Our Cranes segment designs, manufactures, services and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, truck-mounted cranes (boom trucks and loading cranes) 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, as well as for material handling at port and railway facilities. We market our Cranes products principally under the Terex® brand name and the Terex® name in conjunction with certain historic brand names.

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Cranes has the following significant manufacturing operations:

- Rough terrain and telescopic crawler cranes are manufactured in Crespellano, Italy;
- All terrain cranes, truck cranes and telescopic container stackers are manufactured in Montceau-les-Mines, France;
- Rough terrain cranes, truck cranes and truck-mounted cranes are manufactured in Waverly, Iowa;
- Truck cranes are manufactured in Luzhou, China;
- Truck-mounted articulated hydraulic cranes are manufactured in Delmenhorst and Vechta, Germany;
- Lift and carry cranes are manufactured in Brisbane, Australia;
- Tower cranes are manufactured in Fontanafredda, Italy;
- Lattice boom crawler cranes and tower cranes are manufactured in Wilmington, North Carolina;
- Lattice boom crawler and lattice boom truck cranes, as well as all terrain cranes, are manufactured in Zweibruecken, Wallerscheid and Bierbach, Germany and Pecs, Hungary;
- Ship-to-shore, rubber tired gantry, rail mounted gantry cranes and mobile harbor cranes are manufactured in Monfalcone, Italy;
- Mobile harbor cranes, gantry cranes and telescopic container stackers are manufactured in Xiamen, China;
- Straddle carriers and gantry cranes are manufactured in Wurzburg, Germany; and

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- Lift trucks and forklifts are manufactured in Lentigione, Italy.

We plan to begin the manufacture of tower crane components at our facilities in Tianjin, China and Hosur, India.

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**MATERIALS PROCESSING**

Our Materials Processing 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, as well as in various quarrying and mining applications. We market our Materials Processing products principally under the Terex® and Powerscreen® brand names and the Terex® name in conjunction with certain historic brand names.

Materials Processing has the following significant manufacturing operations:

- Mobile crushers and mobile screens are manufactured in Omagh and Dungannon, Northern Ireland;
- Mobile crushers and mobile screens are manufactured in Hosur, India;
- Base crushers and base screens are manufactured in Subang Jaya, Malaysia; and
- Screening equipment is manufactured in Durand, Michigan.

We have a North American distribution center in Louisville, Kentucky. We have four distribution facilities in Australia.

We participate in joint ventures in China under the names Wieland International Trading (Shanghai) Co. Ltd. and Shanghai Wieland Engineering Co. Ltd., which manufacture replacement and wear parts for crushing equipment.

**OTHER**

We also assist customers in their rental, leasing and acquisition of our products. We facilitate loans and leases between our customers and various financial institutions under the name Terex Financial Services ( TFS ) in the United States, Europe and elsewhere.

**DISCONTINUED OPERATIONS**

On December 20, 2009, we entered into a definitive agreement to sell our Mining business to Bucyrus International, Inc. ( Bucyrus ), and on February 19, 2010, we completed this disposition. The business divested in the transaction includes the manufacture of 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 company-owned distribution locations. Our auger machines and auger tools product lines were not sold as part of this disposition and instead will be consolidated within our Aerial Work Platforms segment.

On December 31, 2009, we sold the assets of our construction trailer business. The results of this business were formerly consolidated within our Aerial Work Platforms segment.

See Note D Discontinued Operations in the Notes to our Consolidated Financial Statements for more information on our discontinued operations.

## **BUSINESS STRATEGY**

### General

For Terex, 2009 was an extremely challenging year. We saw net sales from continuing operations decrease from \$8.4 billion in 2008 to \$4.0 billion in 2009, and our income from operations of \$174.5 million in 2008 turned to a loss from operations of \$459.9 million in 2009. No part of our business was immune from this downturn, as net sales declined in 2009 when compared to 2008 levels by 64.9% for Aerial Work Platforms, 55.2% for Construction, 33.7% for Cranes and 64.2% for Materials Processing.

Successful companies in challenging times balance the short-term needs of cash generation and reducing costs with the long-term needs of investing in and strengthening their core businesses. Achieving this balance will continue to be our focus throughout this demanding economic environment.

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During 2009, we focused on cash generation and cash management, taking quick and aggressive actions and making difficult choices to reduce operating costs. Our actions included, among other initiatives, closing certain of our facilities, reducing our work force at all levels, shortening workweeks and freezing and reducing the salaries of our team members. In an environment of tight credit, declining economic activity and constrained access to investment capital, we strongly believed that disciplined management of cash flow was critical to our sustainability in the short term and to our ultimate long-term success. As a result of our successful implementation of working capital and cost control measures, as well as our capital markets funding transactions executed in 2009, we enter 2010 with a strong balance sheet and we are well positioned to capitalize on the market recovery that we expect to experience in 2011 and beyond.

As we enter 2010, we expect the challenging business environment to continue. We do not anticipate a significant increase in end market demand for our products in 2010, but we will continue to focus on those things that we can control, such as investments in growing markets, managing internal costs and optimizing our product development. We expect that our manufacturing production rates in 2010 will more closely match end market demand, as we have reduced our inventory to appropriate levels so that our facilities can once again operate efficiently.

We believe that the present environment offers us the opportunity to strengthen and improve our business position around the world. These challenging times can provide opportunities to invest in our businesses in ways that will strengthen us for the market recovery.

We approach the long term with the goal of transforming Terex from what has historically been predominately a construction and mining equipment company to a more diverse manufacturer of a variety of machinery and industrial products. We aim to re-focus Terex on being a manufacturer of highly successful niche products with leading positions in their specialty areas. We strive to be one of the top two performers in each of our business areas, with the highest Return on Invested Capital when compared with our competition over a business cycle.

We are seeking to expand through internal growth and incremental acquisitions, with our Company's transformation to be built upon our current foundation of market leading franchises coupled with new investment opportunities. We have strong existing core businesses in the product areas of aerial work platforms, compact construction equipment, tower and mobile cranes, port equipment and mobile material processing equipment. It is our goal to build on the leading positions of our current businesses to potentially double our net sales by 2013, achieve a 12% operating profit margin, and generate at least a 20% after-tax return on invested capital.

As part of our strategy to transform our portfolio of businesses, we made the decision in 2009 to sell our Mining business for approximately \$1 billion in cash and approximately 5.8 million shares of Bucyrus common stock. As of the completion of the sale of our Mining business, we had over \$1.9 billion in cash on hand with no scheduled significant debt maturities until 2013. We intend to utilize our financial resources to both grow our existing franchises and to leverage our existing portfolio to acquire other leading niche machinery and industrial businesses.

We are actively pursuing possible acquisition opportunities in the global equipment and machinery industries, evaluating a wide range of alternatives for future investment, both within and outside our traditional areas of operation. We will investigate potential acquisitions that complement our existing strengths and expand and diversify our range of product offerings, with a target threshold for potential investment opportunities of at least a 20% after-tax return on invested capital in the second year after acquisition and beyond.

Aerial Work Platforms



Our Aerial Work Platforms segment remains one of our key businesses. It is our intent to provide our customers with the best return on their investment through the acquisition, maintenance and disposition cycle of our equipment. Our strengths include manufacturing expertise in lean practices, intense focus on the customer experience, quality products, the safety of our team members and customers, and superior service and support. During the low demand period we are currently experiencing, we continue to work to improve the business in these critical areas and thereby position the business for profitability when global growth returns. As examples, we are investing in our Terex Management System (TMS), a global enterprise system, and we are expanding our global service and support offerings and footprint.

The business historically has been dependent on the North American and Western European markets for the vast majority of its sales. Going forward, we expect increased global acceptance and demand for the portfolio of our products based on improved productivity and safety for potential customers as compared to alternative methods such as ladders and scaffolding. In addition, to reduce our dependence on and exposure to non-residential construction for these products, we will focus on market expansion, such as industrial or shipyard applications. We are working to localize our products for introduction to the various global markets. For example, we are currently investing in the construction of a manufacturing facility in Changzhou, China, which is scheduled to start production in the fourth quarter of 2010.

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Construction

Our Construction segment has been negatively affected by the significant reduction of industrial, commercial and residential building projects over the past few years. During 2009, our focus was on cash generation, bringing costs in line with the current global demand environment, and reducing inventory stock levels to better position this business for efficient manufacturing practices at the reduced demand levels. Going forward, the focus will be on successful growth in markets and product niches where Terex can operate from a position of strength, such as the North American compact construction equipment line of products, and the western European home markets for many of the construction products and certain niche products such as the material handler business. We will continue to focus on improving manufacturing practices through the implementation of lean manufacturing processes, leveraging the current business infrastructure for economies of scale and carefully approaching investment in non-traditional markets.

Cranes

Our Cranes segment features a diversified range of products with several strong core businesses. In 2009, we significantly expanded our range of products through our acquisition of 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 ).

The effects of the global economic downturn have been felt quite differently throughout our cranes product line. Certain products, such as large capacity crawler cranes and all-terrain cranes, continue to have significant demand globally, while other products are down over 80% from peak net sales levels achieved during the past few years. However, throughout the portfolio of Cranes products, we will continue to emphasize building world-class, safe products, while continuing to reduce our cost structure to ensure long-term competitiveness. Additionally, as part of our customer value proposition, we will continue to invest in our global sales and support infrastructure. For our newly acquired Port Equipment Business, our initial focus has been to complete the required restructuring actions to bring the cost structure of this business in line with the current demand environment.

Materials Processing

Our Materials Processing segment has at its core our industry leading mobile crushing and screening products. Despite our leading position in the mobile materials processing market, the past 12-18 months were extremely challenging. We experienced rapid deterioration in market conditions due to the softening of the global economy and the related credit market crisis. We reacted quickly by dramatically reducing our production output and, in an effort to manage the total supply chain of inventory. Inventory at our dealer locations was sold through and not replaced. Costs and headcount were significantly reduced to realign the size of the business infrastructure with the current net sales levels.

We continue to see some encouraging signs that developing markets may be leading the way in global economic growth, and we continue to position this business to take advantage of such growth opportunities. Additionally, continued urbanization, global concern for the recycling of waste, and the continued shift to mobile equipment solutions over static equipment in many applications are trends that we believe will have a positive effect on our business prospects.

The Terex Way

When considering our strategy and future, we constantly keep in mind our purpose, mission, vision and our core values, all of which combine to create a culture that makes Terex what it is.

Our purpose remains to improve the lives of people around the world. Our mission is to delight our customers with value added offerings that exceed their current and future needs.

Our vision focuses on the Company's core constituencies of customers, stakeholders and team members:

- Customers: We aim to be the most customer responsive company in the industry as determined by our customers.
- Stakeholders: We aim to be the most profitable company in the industry as measured by Return on Invested Capital.
- Team Members: We aim to be the best place to work in the industry as determined by our team members.

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We operate our business based on our value system, The Terex Way. The Terex Way defines our essence and culture as a company and our collective commitment to what it means to be a part of Terex. The Terex Way is based on six key values:

- Integrity: Integrity reflects honesty, ethics, transparency and accountability. We are committed to maintaining high ethical standards in all of our business dealings.
- Respect: Respect incorporates concern for safety, health, teamwork, diversity, inclusion and performance. We treat all our team members, customers and suppliers with respect and dignity.
- Improvement: Improvement encompasses quality, problem-solving systems, a continuous improvement culture and collaboration. We continuously search for new and better ways of doing things, focusing on continuous improvement and the elimination of waste.
- Servant Leadership: Servant leadership requires service to others, humility, authenticity and leading by example. We work to serve the needs of our customers, investors and team members.
- Courage: Courage entails willingness to take risks, responsibility, action and empowerment. We have the courage to make a difference even when it is difficult.
- Citizenship: Citizenship means social responsibility and environmental stewardship. We comply with all laws and respect all people's values and cultures and are good global, national and local citizens.

The Terex Business System

Our operational principles are based on the Terex Business System, or TBS. The Terex Business System is the framework around which we are building our capabilities as a superb operating company to achieve our long-term goals. The key elements of the Terex Business System are illustrated by the following TBS House diagram:

The three foundational elements of the Terex Business System are:

- Leadership Commitment for Competitive Advantage;
- Superb Human Resource Practices; and
- Customer Driven Business Processes, evidenced by continuous improvement in quality, speed and simplicity.

The foundation of the TBS House supports the four pillars of the Terex Business System:

- Achieving Intense Customer Focus;
- Planning Excellence and Annual Deployment;
- Developing Operational Excellence Across the Entire Value Chain; and
- Rapidly Delivering New Products and Services.

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With our purpose, mission and vision in mind, using the Terex Business System as our framework, and operating based on the values of The Terex Way, we strive to grow and expand our Company.

**PRODUCTS**

**AERIAL WORK PLATFORMS**

**AERIAL WORK PLATFORMS.** Aerial work platform equipment safely positions workers and materials easily and quickly to elevated work areas to enhance productivity. These products have developed as alternatives to scaffolding and ladders. We offer a variety of aerial lifts that are categorized into six product families: material lifts; portable aerial work platforms; trailer-mounted articulating booms; self-propelled articulating booms; self-propelled telescopic booms; and scissor lifts.

- Material lifts are used primarily indoors in the construction, industrial and theatrical markets.
- Portable aerial work platforms are used primarily indoors in a variety of markets to perform overhead maintenance.
- Trailer-mounted articulating booms are used both indoors and outdoors. They provide versatile reach, and have the ability to be towed between job sites.
- Self-propelled articulating booms are primarily used in construction and industrial applications, both indoors and outdoors. They feature lifting versatility with up, out and over position capabilities to access difficult to reach overhead areas.
- Self-propelled telescopic booms are used outdoors in commercial and industrial construction, as well as highway and bridge maintenance projects.
- Scissor lifts are used in outdoor and indoor applications in a variety of construction, industrial and commercial settings.

**TELEHANDLERS.** Telehandlers are used to move and place materials on residential and commercial construction sites and are used in the energy, infrastructure and agricultural industries.

**LIGHT TOWERS.** Trailer-mounted light towers are used primarily to light work areas for night construction, entertainment, emergency assistance, security and for other nighttime or low light applications.

**UTILITY EQUIPMENT.** Our utility products include digger derricks, insulated and non-insulated aerial devices and cable placers. These products are used by electric utilities, tree care companies, telecommunications and cable companies, and the related construction industries, as well as by government organizations.

- Digger derricks are used to dig holes, hoist and set utility poles, as well as lift transformers and other materials at job sites.
- Insulated aerial devices are used to elevate workers and material to work areas at the top of utility poles, energized transmission lines and for trimming trees near energized electrical lines, as well as for miscellaneous purposes such as sign maintenance. Non-insulated aeriels are used in applications where energized electrical lines are not a hazard.

- Cable placers are used to install fiber optic, copper and strand telephone and cable lines.

## CONSTRUCTION

HEAVY CONSTRUCTION EQUIPMENT. We manufacture and/or market off-highway trucks, scrapers, excavators, wheel loaders and material handlers.

- Articulated off-highway trucks are three-axle, six-wheel drive machines with an articulating connection between the cab and body that allows the cab and body to move independently, enabling all six tires to maintain ground contact for traction on rough terrain.
- Rigid off-highway trucks are two-axle machines, which generally have larger capacities than articulated off-highway trucks, but can operate only on improved or graded surfaces, and are used in large construction or infrastructure projects, aggregates and smaller surface mines.
- Scrapers move dirt by elevating it from the ground to a bowl located between the two axles of the machine. Scrapers are used most often in relatively dry, flat terrains.
- Excavators are used for a wide variety of construction applications, including non-residential construction (such as commercial sites and road construction) and residential construction.
- Wheel loaders are used for loading and unloading materials. Applications include mining and quarrying, non-residential construction, airport and industrial snow removal, waste management and general construction.
- Material handlers are designed for handling logs, scrap and other bulky materials with clamshell, magnet or grapple attachments.

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**COMPACT CONSTRUCTION EQUIPMENT.** We manufacture a wide variety of compact construction equipment used primarily in the construction and rental industries. Products include compact track loaders, loader backhoes, compaction equipment, excavators, site dumpers, skid steer loaders, wheel loaders and truck-mounted articulated hydraulic cranes.

- Loader backhoes incorporate a front-end loader and rear excavator arm. They are used for loading, excavating and lifting in many construction and agricultural related applications.
- Our compaction equipment ranges from small portable plates to heavy duty ride-on rollers.
- Excavators in the compact equipment category include mini and midi excavators used in the general construction, landscaping and rental businesses.
- Site dumpers are used to move smaller quantities of materials from one location to another, and are primarily used for construction applications.
- Compact track loaders, skid steer loaders and wheel loaders are used for loading and unloading materials in construction, industrial, rental, agricultural and landscaping businesses.

**ROADBUILDING EQUIPMENT.** We manufacture asphalt pavers, transfer devices, asphalt plants, concrete production plants, concrete mixers, concrete pavers, concrete placers, cold planers, reclaimers/stabilizers, bridge inspection equipment and landfill compactors.

- Asphalt pavers are available in a variety of sizes and designs. Smaller units are used for commercial work such as parking lots, development streets and construction overlay projects. Mid-sized pavers are used for mainline and commercial projects. High production pavers are engineered and built for heavy-duty, mainline paving.
- Asphalt transfer devices are available in both self-propelled and paver pushed designs and are intended to reduce segregation in the paver to create a smoother roadway.
- Asphalt plants are used to produce hot mix asphalt and are available in portable, relocatable and stationary configurations.
- Concrete production plants are used in residential, commercial, highway, airport and other markets. Our products include a full range of portable and stationary transit mix and central mix production facilities.
- Concrete mixers are machines with a large revolving drum in which cement is mixed with other materials to make concrete. We offer models mounted on trucks with three, four, five, six or seven axles and other front and rear discharge models.
- Our concrete pavers are used to place and finish concrete streets, highways and airport surfaces.
- Concrete placers transfer materials from trucks in preparation for paving.
- Cold planers mill and reclaim deteriorated asphalt pavement, leaving a level, textured surface upon which new paving material is placed.
- Our reclaimers/stabilizers are used to add load-bearing strength to the base structures of new highways and new building sites. They are also used for in-place reclaiming of deteriorated asphalt pavement.
- Our bridge inspection equipment allows access to many under bridge related tasks, including inspections, painting, sandblasting, repairs, general maintenance, installation and maintenance of under bridge pipe and cables, stripping operations and replacement, and maintenance of bearings.
- We produce landfill compactors used to compact refuse at landfill sites.

**CRANES**

We offer a wide variety of cranes, including mobile telescopic cranes, tower cranes, lattice boom crawler cranes, boom trucks, as well as specialty cranes and machinery designed specifically for port and railway facility use such as mobile harbor cranes, gantry cranes and telescopic



container stackers.

**MOBILE TELESCOPIC CRANES.** Mobile telescopic cranes are used primarily for industrial applications, in commercial and public works construction, and in maintenance applications to lift equipment or material. We offer a complete line of mobile telescopic cranes, including rough terrain cranes, truck cranes, all terrain cranes and lift and carry cranes.

- Rough terrain cranes move materials and equipment on rough or uneven terrain, and are often located on a single construction or work site such as a building site, a highway or a utility project for long periods. Rough terrain cranes cannot be driven on highways and accordingly must be transported by truck to the work site.
- Truck cranes have two cabs and can travel rapidly from job site to job site at highway speeds. Truck cranes are often used for multiple local jobs, primarily in urban or suburban areas.
- All-terrain cranes were developed in Europe as a cross between rough terrain and truck cranes, and are designed to travel across both rough terrain and highways.
- Lift and carry cranes are designed primarily for site work, such as at mine sites, large fabrication yards, building and construction sites, and combine high road speed and all terrain capability without the need for outriggers.

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**TOWER CRANES.** Tower cranes are often used in urban areas where space is constrained and in long-term or very high building sites. Tower cranes lift construction material and place the material at the point where it is being used. We produce the following types of tower cranes:

- Self-erecting tower cranes are trailer-mounted and unfold from four sections (two for the tower and two for the jib); certain larger models have a telescopic tower and folding jib. These cranes can be assembled on site in a few hours. Applications include residential and small commercial construction.
- Hammerhead tower cranes have a tower and a horizontal jib assembled from sections. The tower extends above the jib to which suspension cables supporting the jib are attached. These cranes are assembled on-site in one to three days depending on height, and can increase in height with the project.
- Flat top tower cranes have a tower and a horizontal jib assembled from sections. There is no A-frame above the jib, which is self-supporting and consists of reinforced jib sections. These cranes are assembled on-site in one to two days, and can increase in height with the project.
- Luffing jib tower cranes have a tower and an angled jib assembled from sections. There is one A-frame above the jib to which suspension cables supporting the jib are attached. Unlike other tower cranes, there is no trolley to control lateral movement of the load, which is accomplished by changing the jib angle. These cranes are assembled on-site in two to three days, and can increase in height with the project.

**LATTICE BOOM CRAWLER AND WHEEL-MOUNTED CRANES.** Lattice boom crawler and wheel-mounted cranes are designed to lift material on rough terrain and can maneuver while bearing a load. The boom is made of tubular steel sections, which, together with the base unit, are transported to and erected at a construction site.

**TRUCK-MOUNTED CRANES (BOOM TRUCKS).** We manufacture telescopic boom cranes and articulated hydraulic cranes for mounting on a commercial truck chassis. Truck-mounted cranes are used primarily in the construction and maintenance industries to lift equipment or materials to various heights. Boom trucks are generally lighter and have less lifting capacity than truck cranes, and are used for many of the same applications when lower lifting capabilities are sufficient. An advantage of a boom truck is that the equipment or material to be lifted by the crane can be transported by the truck, which can travel at highway speeds. Applications include delivery of building materials and the installation of commercial air conditioners and other roof-mounted equipment.

**TELESCOPIC CONTAINER STACKERS.** Telescopic container stackers are used to pick up and stack shipping containers at port and railway facilities. At the end of a telescopic container stacker's boom is a spreader, which enables it to attach to shipping containers of varying lengths and weights and to rotate the container.

**MOBILE HARBOR CRANES.** Mobile harbor cranes are used for material handling at ports, including general cargo handling and shipping containers. Mobile harbor cranes can travel around the port as needed and have the capability to move large loads. Mobile harbor cranes can be fitted with a variety of attachments for handling different types of cargo.

**SHIP-TO-SHORE GANTRY CRANES.** Ship-to-shore gantry cranes are used to load and unload container vessels at ports.

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**RUBBER TIRED AND RAIL MOUNTED GANTRY CRANES.** Rubber tired and rail mounted gantry cranes are used for space intensive shipping container stacking at port and railway facilities.

**STRADDLE CARRIERS.** Straddle carriers pick up and carry shipping containers while straddling their load. Straddle carriers have the capability to stack up to four shipping containers on top of each other. Straddle carriers are used in port and railway facilities to move shipping containers and to load and unload shipping containers from on-highway trucks.

**LIFT TRUCKS AND FORKLIFTS.** Lift trucks and forklifts are small to medium-sized highly mobile trucks for use with a variety of general cargo lifting and handling applications at port and railway facilities.

### **MATERIALS PROCESSING**

**MATERIALS PROCESSING EQUIPMENT.** Materials processing equipment is used in processing aggregate materials for roadbuilding applications and is also used in the quarrying, mining, demolition and recycling industries. Our materials processing equipment includes crushers, screens and feeders.

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We manufacture a range of track-mounted jaw, impactor and cone crushers, as well as base crushers for integration within static plants. Our crushing equipment also includes horizontal and vertical shaft impactors.

- Jaw crushers are used for crushing larger rock, primarily at the quarry face or on recycling duties. Applications include hard rock, sand and gravel and recycled materials. Impactor crushers are used in quarries for primary and secondary applications, as well as in recycling. Cone crushers are used in secondary and tertiary applications to reduce a number of materials, including quarry rock and riverbed gravel.
- Horizontal shaft impactors are primary and secondary crushers. They are typically applied to reduce soft to medium hard materials, as well as recycled materials. Vertical shaft impactors are secondary and tertiary crushers that reduce material utilizing various rotor configurations and are highly adaptable to any application.

Our screening and feeder equipment includes:

- Heavy duty inclined screens and feeders are used in high tonnage applications and are available as either stationary or heavy-duty mobile equipment. Inclined screens are used in all phases of plant design from handling quarried material to fine screening.
- Dry screening is used to process materials such as sand, gravel, quarry rock, coal, construction and demolition waste, soil, compost and wood chips.
- Washing screens are used to separate, wash, scrub, dewater and stockpile sand and gravel. Our products include a completely mobile single chassis washing plant incorporating separation, washing, dewatering and stockpiling. We also manufacture mobile and stationary screening rinsers, bucket-wheel dewaterers, scrubbing devices for aggregate, a mobile cyclone for maximum retention of sand particles, silt extraction systems, stockpiling conveyors and a sand screw system as an alternative to bucket-wheel dewaterers.
- Apron feeders are generally situated at the primary end of the processing facility, and have a rugged design in order to handle the impact of the material being fed from front-end loaders and excavators. The feeder moves material to the crushing and screening equipment in a controlled fashion.

**PRODUCT CATEGORY SALES**

The following table lists our main product categories and their percentage of our total sales:

PRODUCT CATEGORY	PERCENTAGE OF SALES		
	2009	2008	2007
Mobile Telescopic & Truck Cranes	30%	23%	19%
Lattice Boom Crawler & Tower Cranes	15	12	9
Aerial Work Platforms	12	20	24
Heavy Construction Equipment	11	13	14
Materials Processing Equipment	9	12	12
Utility Equipment	6	4	2

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Compact Construction Equipment	6	7	7
Roadbuilding Equipment	4	3	4
Port Equipment	4	1	1
Telehandlers & Light Construction Equipment	2	3	4
Other	1	2	4
TOTAL	100%	100%	100%

**BACKLOG**

Our backlog as of December 31, 2009 and 2008 was as follows:

	2009	December 31, (in millions)	2008
Aerial Work Platforms	\$	156.7	\$ 170.3
Construction		111.1	250.0
Cranes		974.1	1,937.8
Materials Processing		58.5	42.4
Total	\$	1,300.4	\$ 2,400.5

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We define backlog as firm orders that are expected to be filled within one year, although there can be no assurance that all such backlog orders will be filled within that time. Our backlog orders represent primarily new equipment orders. Parts orders are generally filled on an as-ordered basis.

Our management views backlog as one of many indicators of the performance of our business. Because many variables can cause changes in backlog, and these changes may or may not be of any significance, we consequently view backlog as an important, but not necessarily determinative, indicator of future results. High backlog can indicate a high level of future sales; however, when backlogs are high, this may also reflect a high level of production delays, which may result in future order cancellations from disappointed customers. Small backlog may indicate a low level of future sales; however, they may also reflect a rapid ability to fill orders that is appreciated by our customers.

Our overall backlog amounts at December 31, 2009 decreased by \$1,100.1 million from our backlog amounts at December 31, 2008, primarily due to the decrease in backlog at our Construction and Cranes segments.

Our Aerial Work Platforms segment backlog decreased \$13.6 million from December 31, 2008, due to continued soft demand, particularly in North America and Western Europe. Our customers for aerial work platforms are primarily rental companies. Our rental company customers have been actively shrinking the size of their aerial equipment fleet during 2009 due to sluggish rental demand. Based on discussions with our customers, we believe that this trend is slowing and nearing an end, but orders remain low as our customers are waiting to place orders until there is greater clarity regarding utilization of their rental fleets.

Our Construction segment backlog at December 31, 2009 decreased \$138.9 million from December 31, 2008, as demand for construction equipment continued to weaken. In particular, demand for heavy trucks and material handlers had weakened by the end of 2009, whereas both product categories had stronger demand as of the end of 2008. As existing construction projects are completed, the global economic recession and lack of credit availability are inhibiting the commencement of new construction projects. This slowing of new construction projects has resulted in a continued softening of demand for construction equipment, particularly in North America and Western Europe.

The backlog at our Cranes segment decreased \$963.7 million from December 31, 2008. Excluding the impact of acquisitions, backlog decreased approximately \$1,167 million from December 31, 2008. The decrease in backlog reflected a significant drop in demand for rough terrain cranes during early 2009, combined with a softening in demand for lower capacity all-terrain cranes. Demand for large capacity cranes with lifting capacity of 300 tons and greater remains stable, including demand for large capacity crawler cranes and all-terrain cranes. Demand for tower cranes, as well as smaller capacity cranes, particularly boom trucks and truck cranes, remains weak. To a lesser extent, the decrease in backlog from year-end 2008 levels also reflects the favorable impact of productivity enhancements. Also, supplier constraints at the end of 2008 that were still being resolved increased year-end 2008 backlog, whereas there were no material supplier constraints as of the end of 2009.

Our Materials Processing segment backlog at December 31, 2009 increased \$16.1 million from December 31, 2008. Demand remains soft for materials processing equipment in general, continuing a trend that began in mid-2008. Some customers placed year-end orders at the end of 2009, driving a modest increase in backlog as compared to year-end 2008 levels.

**DISTRIBUTION**

We distribute our products through a global network of dealers, rental companies, major accounts and direct sales to customers.

#### **AERIAL WORK PLATFORMS**

Our aerial work platform, telehandler and light tower products are distributed principally through a global network of rental companies, independent dealers and, to a lesser extent, strategic accounts. We employ sales representatives who service these channel partners from offices located throughout the world.

We sell utility equipment to the utility and municipal markets through a network of both company-owned and independent distributors in North America. Outside of North America, independent dealers sell our utility equipment directly to customers.

#### **CONSTRUCTION**

We distribute heavy construction equipment and replacement parts primarily through a network of independent dealers and distributors throughout the world. Our dealers are independent businesses, which generally serve the construction, mining, forestry and/or scrap industries. Although these dealers may carry products from a variety of manufacturers, they generally carry only one manufacturer's brand of each particular type of product.

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We distribute compact construction equipment primarily through a network of independent dealers and distributors throughout the world. Although some dealers represent only one of our product lines, we have recently focused on developing the dealer network to represent our complete range of compact equipment.

We distribute loader backhoes and skid steer loaders manufactured in India through a network of approximately fifty dealers located in India, Nepal and neighboring countries.

We sell asphalt pavers, transfer devices, reclaimers/stabilizers, cold planers, concrete pavers, concrete placers, concrete plants and landfill compactors to end user customers principally through independent dealers and distributors and, to a lesser extent, on a direct basis in areas where distributors are not established. We sell asphalt plants and concrete roller pavers primarily direct to end user customers.

We sell bridge inspection equipment and concrete mixers primarily direct to customers, but concrete mixers are also available through distributors in certain regions of the United States.

**CRANES**

We market our crane products globally, optimizing assorted channel marketing systems including a distribution network and a direct sales force. We have direct sales, primarily to specialized crane rental companies, in certain crane markets such as the United Kingdom, Germany, Spain, Belgium, Italy, France and Scandinavia to offer comprehensive service and support to customers. Distribution via a dealer network is often utilized in other geographic areas, including the United States.

**MATERIALS PROCESSING**

We distribute our products through a global network of dealers, rental companies, major accounts and direct sales to customers.

**RESEARCH AND DEVELOPMENT**

We maintain engineering staff at most of our locations. In addition, we have established an engineering center in India to support our engineering organization worldwide and to develop products for the local market. Our engineering expenses are primarily incurred in connection with enhancements of existing products, cost improvements of existing products and, in certain cases, the development of additional applications or extensions of our existing product lines.



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We are adjusting our engineering initiatives commensurate with the business priorities of expanding into global markets, product standardization, component rationalization and strategic alignment with global suppliers, while remaining customer focused. Product change driven by regulations requiring Tier 4 emission compliant engines in most of our machinery starting in 2010 is an important part of our engineering priorities.

We have targeted greater effectiveness and efficiency in our engineering spending by improving our processes, upgrading our capabilities and leveraging more readily available engineering resources in lower cost countries.

Our costs incurred in the development of new products, cost reductions, or improvements to existing products of continuing operations were consistent over the past three years amounting to \$65.2 million, \$66.3 million and \$65.5 million in 2009, 2008 and 2007, respectively. The costs incurred for research and development in 2009 decreased slightly from 2008 primarily due to some of the cost cutting measures taken in our businesses experiencing the most significant net sales declines. The increase from 2007 to 2008 was primarily due to our expanded product portfolio and investments in the engineering priorities described above. Even though sales decreased in 2009 from prior years, we have maintained our commitment to engineering spend because we believe this investment will provide returns going forward.

### **MATERIALS**

Principal materials and components that we use in our various manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect our performance. Worldwide steel prices rose for most of 2008 in response to higher demand caused by continued higher consumption in developing market countries such as China. Due to the continued high demand for steel in 2008, many suppliers of steel, castings and other products increased prices or added surcharges to the price of their products. Then, the abrupt decline in world markets in 2009 led to a significant slowing of inventory in our supply chain. The supply and demand dynamics are moving closer to historical equilibrium as we enter 2010. Most of our steel costs are back to 2007 levels and other component costs are decreasing as well. In 2009, we experienced some benefit from lower input costs as our existing raw material inventory was utilized.

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In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain of our businesses receive materials and components from a sole supplier, although alternative suppliers of such materials are generally available. Current and potential suppliers are evaluated on a regular basis on their ability to meet our requirements and standards. We actively manage our material supply sourcing, and may employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any sole suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture our products. As a result of the macro-economic challenges currently affecting the economy of the U.S. and other parts of the world, our suppliers may experience serious cash flow problems, and as a result, could seek to significantly and quickly increase their prices or reduce their output. We have designed and implemented plans to mitigate the impact of these risks by using alternate suppliers, expanding our supply base to include Asian suppliers (which use steel from markets where prices are more stable), leveraging our overall purchasing volumes to obtain favorable quantities, and developing a closer working relationship with key suppliers. We continue to search for acceptable alternative supply sources and less expensive supply options on a regular basis, including by improving the globalization of our supply base and using suppliers in China and India. One key Terex Business System initiative has been developing and implementing world-class capability in supply chain management, logistics and global purchasing. We are focusing on gaining efficiencies with suppliers based on our global purchasing power and resources.

**COMPETITION**

We face a competitive global manufacturing market for all of our products. We compete with other manufacturers based on many factors, particularly price, performance and product reliability. We generally operate under a best value strategy, where we attempt to offer our customers products that are designed to improve the customer's return on invested capital. However, in some instances, customers may prefer the pricing, performance or reliability aspects of a competitor's product despite our product pricing or performance. We do not have a single competitor across all business segments. The following table shows the primary competitors for our products in the following categories: