TEREX CORP
Form 10-Q
April 30, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

F O R M 10 – Q

(Mark One)

x **Quarterly Report Pursuant to Section 13 or 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

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

Commission file number 1-10702

Terex Corporation

(Exact name of registrant as specified in its charter)

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

200 Nyala Farm Road, Westport, Connecticut 06880

(Address of principal executive offices)

(203) 222-7170

(Registrant's telephone number, including area code)

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

YES x **NO o**

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

YES o **NO o**

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

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

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

YES o **NO x**

Number of outstanding shares of common stock: 95.3 million as of April 29, 2009.

The Exhibit Index begins on page 49.

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TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of March 31, 2009 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are wholly-owned) which were guarantors on March 31, 2009 (the “Guarantors”) of the Company’s 7-3/8% Senior Subordinated Notes due 2014. See Note P – “Consolidating Financial Statements” to the Company’s March 31, 2009 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as “Terex,” the “Registrant,” “us,” “we,” “our” or the “Company.”

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
Amida Industries, Inc.	South Carolina	57-0531390
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Duvalpilot Equipment Outfitters, LLC	Florida	22-3886719
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
Genie Manufacturing, Inc.	Washington	91-1499412
GFS National, Inc.	Washington	91-1959375
Halco America Inc.	Georgia	58-1851191
Hydra Platforms Mfg. Inc.	North Carolina	56-1714789
Koehring Cranes, Inc.	Delaware	06-1423888
Loegering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Powerscreen USC Inc.	Delaware	23-2846987
PPM Cranes, Inc.	Delaware	39-1611683
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Spinnaker Insurance Company	Vermont	03-0372517
Superior Highwall Holding, Inc.	Delaware	20-4694546
Superior Highwall Miners, Inc.	Delaware	20-4694797
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Cranes, Inc.	Delaware	06-1513089
Terex Cranes Wilmington, Inc.	North Carolina	56-1570091
Terex Financial Services, Inc.	Delaware	45-0497096

Terex Mexico, LLC	Delaware	81-0586645
Terex Mining Equipment, Inc.	Delaware	06-1503634
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703
Terex-RO Corporation	Kansas	44-0565380
Terex-Telelect, Inc.	Delaware	41-1603748

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements (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 Quarterly Report or in documents incorporated herein by reference, the words "may," "expects," "intends," "anticipates," "plans," "projects," "estimates" and the negatives thereof and analo 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 may affect the sales of our products and financial results;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to fluctuations in government spending;
- our business is very competitive and may be affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
- a material disruption to one of our significant facilities;
- our retention of key management personnel;
- the financial condition of suppliers and customers, and their continued access to capital;
- our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
- our ability to timely manufacture and deliver products to customers;
- the need to comply with restrictive covenants contained in our debt agreements;
- our business is global and subject to changes in exchange rates between currencies, as well as international politics, particularly in developing markets;
- the effects of changes in laws and regulations;
- possible work stoppages and other labor matters;
- compliance with applicable environmental laws and regulations;
- litigation and product liability claims and other liabilities;
- investigations by the United States Securities and Exchange Commission ("SEC") and the Department of Justice ("DOJ");
- our implementation of a global enterprise system and its performance; and
- other factors.

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

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 amounts)

	Three Months Ended March 31,	
	2009	2008
Net sales	$ 1,302.6	$ 2,362.7
Cost of goods sold	(1,158.1)	(1,848.7)
Gross profit	144.5	514.0
Selling, general and administrative expenses	(217.0)	(257.7)
(Loss) income from operations	(72.5)	256.3
Other income (expense)		
Interest income	1.2	9.1
Interest expense	(23.5)	(25.5)
Other (expense) income – net	(3.7)	7.6
(Loss) income before income taxes	(98.5)	247.5
Benefit from (provision for) income taxes	24.0	(83.2)
Net (loss) income	(74.5)	164.3
Less: Net income attributable to non-controlling interest	(0.4)	(1.0)
Net (loss) income attributable to Terex Corporation	$ (74.9)	$ 163.3
(Loss) Earnings Per Share Attributable to Terex Corporation Common Stockholders:		
Basic	$ (0.79)	$ 1.62
Diluted	$ (0.79)	$ 1.59
Weighted average number of shares outstanding in per share calculation		
Basic	94.8	101.1
Diluted	94.8	103.0

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)

	March 31, 2009	*December 31, 2008*
Assets		
Current assets		
Cash and cash equivalents	$ 344.3	$ 484.4
Trade receivables (net of allowance of $60.7 and $62.8 at March 31, 2009 and December 31, 2008, respectively)	701.8	967.5
Inventories	2,151.9	2,234.8
Deferred taxes	140.8	139.0
Other current assets	184.4	215.2
Total current assets	3,523.2	4,040.9
Long-term assets		
Property, plant and equipment - net	475.6	481.5
Goodwill	451.1	457.0
Deferred taxes	93.7	84.5
Other assets	377.2	381.5
Total assets	$ 4,920.8	$ 5,445.4
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	$ 37.6	$ 39.4
Trade accounts payable	647.5	983.9
Accrued compensation and benefits	156.2	169.3
Accrued warranties and product liability	138.0	149.3
Customer advances	103.4	119.3
Other current liabilities	344.0	363.4
Total current liabilities	1,426.7	1,824.6
Non-current liabilities		
Long-term debt, less current portion	1,445.2	1,396.4
Retirement plans and other	459.4	480.5
Total liabilities	3,331.3	3,701.5
Commitments and contingencies		
Stockholders' equity		
Common stock, $.01 par value – authorized 300.0 shares; issued 107.5 and 107.1 shares at March 31, 2009 and December 31, 2008, respectively	1.1	1.1
Additional paid-in capital	1,042.4	1,046.2
Retained earnings	1,281.8	1,356.6
Accumulated other comprehensive loss	(156.7)	(82.3)
	(598.8)	(599.9)

Less: Cost of shares of common stock in treasury – 13.1 shares at March 31, 2009 and December 31, 2008		
Total Terex Corporation stockholders’ equity	1,569.8	1,721.7
Noncontrolling interest	19.7	22.2
Total equity	1,589.5	1,743.9
Total liabilities and equity	$ 4,920.8	$ 5,445.4

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)

	Three Months Ended March 31,	
	2009	*2008*
Operating Activities		
Net (loss) income	$ (74.5)	$ 164.3
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation	19.3	17.2
Amortization	5.3	5.2
Deferred taxes	(21.5)	23.2
Gain on sale of assets	(0.3)	(0.8)
Stock-based compensation expense	9.2	17.0
Excess tax benefit from stock-based compensation	-	(6.0)
Changes in operating assets and liabilities (net of effects of acquisitions):		
Trade receivables	243.4	(133.8)
Inventories	26.1	(289.4)
Trade accounts payable	(309.6)	112.3
Accrued compensation and benefits	(14.6)	(28.4)
Income taxes payable	(18.7)	46.5
Accrued warranties and product liability	(11.7)	(0.7)
Customer advances	(12.8)	(48.1)
Other, net	21.2	(68.9)
Net cash used in operating activities	(139.2)	(190.4)
Investing Activities		
Acquisition of businesses, net of cash acquired	-	(439.1)
Capital expenditures	(20.7)	(24.8)
Proceeds from sale of assets	0.5	2.0
Net cash used in investing activities	(20.2)	(461.9)
Financing Activities		
Payment of debt issuance costs	(3.0)	-
Excess tax benefit from stock-based compensation	-	6.0
Proceeds from stock options exercised	-	0.7
Net borrowings (repayments) under revolving line of credit agreements	45.3	(6.6)
Share repurchases	-	(44.4)
Acquisition of noncontrolling interest	(1.7)	-
Other, net	(0.4)	(0.6)
Net cash provided by (used in) financing activities	40.2	(44.9)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(20.9)	29.0
Net Decrease in Cash and Cash Equivalents	(140.1)	(668.2)
Cash and Cash Equivalents at Beginning of Period	484.4	1,272.4
Cash and Cash Equivalents at End of Period	$ 344.3	$ 604.2

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

TEREX CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(unaudited)

(currency amounts in millions, unless otherwise noted, except per share amounts)

NOTE A – BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of March 31, 2009 and for the three months ended March 31, 2009 and 2008 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full year financial statements. The accompanying Condensed Consolidated Balance Sheet as of December 31, 2008 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, 2008.

The Condensed Consolidated Financial Statements include the accounts of Terex Corporation, its majority-owned subsidiaries and other controlled subsidiaries ("Terex" or the "Company"). The Company consolidates all majority-owned and controlled subsidiaries, applies the equity method of accounting for investments in which the Company is able to exercise significant influence, and applies the cost method for all other investments. 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 months ended March 31, 2009 are not necessarily indicative of results that may be expected for the year ending December 31, 2009.

Cash and cash equivalents at March 31, 2009 and December 31, 2008 include $5.7 and $6.7, respectively, which was not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Certain prior period amounts in the Condensed Consolidated Financial Statements have been reclassified to conform to current period presentation, including the segment realignment discussion in Note B – "Business Segment Information." In connection with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51" ("SFAS No. 160"), amounts reported in prior year periods have been retroactively adjusted to conform with the presentation requirements of SFAS No. 160 discussed below in "Recent Accounting Pronouncements."

Recent Accounting Pronouncements. In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which was effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. This statement applies under other accounting pronouncements that require or permit fair value measurements. The statement indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. SFAS No. 157 defines fair value based upon an exit price model. In February 2008, the FASB issued FASB Staff Positions ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and FSP No. FAS 157-2, "Effective Date of FASB Statement No. 157." FSP No. FAS 157-1 amends SFAS No. 157 to exclude SFAS No. 13, "Accounting for Leases" and its related interpretive accounting pronouncements that address leasing transactions, while FSP No. FAS 157-2 delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) until the beginning of the first quarter of 2009. Effective January 1, 2009, the provisions of SFAS No. 157 were applied to nonfinancial assets and nonfinancial liabilities. The adoption of SFAS No. 157 did not have a significant impact on the determination or reporting of the Company's financial results.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"), which replaces SFAS No. 141, "Business Combinations" ("SFAS No. 141"). SFAS No. 141R retains the underlying concepts of SFAS No. 141 in that all business combinations are still required to be accounted for at fair value under the acquisition method of accounting, but SFAS No. 141R changes the application of the acquisition method in a number of significant aspects. Acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. In April 2009, the FASB issued FSP No. FAS 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" ("FSP No. FAS 141R-1"), which clarifies the initial and subsequent recognition, subsequent accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP No. FAS 141R-1 carries forward the requirements in SFAS No. 141 for acquired contingencies, thereby requiring that such contingencies be recognized at fair value on the acquisition date if fair value can be reasonably estimated during the allocation period. If the acquisition date fair value of an asset or liability cannot be reasonably estimated, the asset or liability would be measured at the amount that would be recognized in accordance with FASB Statement No. 5, "Accounting for Contingencies." SFAS No. 141R and FSP No. FAS 141R-1 were effective on a prospective basis for all business combinations for which the acquisition date is on or after the beginning of the first annual period subsequent to December 15, 2008, which, for the Company, was January 1, 2009. Adoption of SFAS No. 141R and FSP No. FAS 141R-1 did not have a material impact on the determination or reporting of the Company's financial results. However, the future effects of SFAS No. 141R and FSP No. FAS 141R-1 will depend on any future acquisitions completed by the Company.

In December 2007, the FASB issued SFAS No. 160. This statement was effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, which, for the Company, was January 1, 2009. This statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the income statement. It also amends certain Accounting Research Bulletin No. 51,

"Consolidated Financial Statements" consolidation procedures for consistency with the requirements of SFAS No. 141R. This statement also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. Adoption of SFAS No. 160 did not have a material impact on the determination or reporting of the Company's financial results.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133" ("SFAS No. 161"). This statement was effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008, which, for the Company, was January 1, 2009. SFAS No. 161 is intended to improve financial reporting by requiring transparency about the nature, purpose, location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities;" and how derivative instruments and related hedged items affect its financial position, financial performance and cash flows. Adoption of SFAS No. 161 did not have a material impact on the determination or reporting of the Company's financial results. See Note I – "Derivative Financial Instruments."

In April 2008, the FASB issued FSP No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP No. FAS 142-3"). FSP No. FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." FSP No. FAS 142-3 was effective on a prospective basis to all intangible assets acquired and for disclosures on all intangible assets recognized on or after the beginning of the first annual period subsequent to December 15, 2008, which, for the Company, was January 1, 2009. The Company has evaluated the new statement and has determined that it did not have a significant impact on the determination or reporting of its financial results.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities (the "Hierarchy"). The Hierarchy within SFAS No. 162 is similar to the definition in the American Institute of Certified Public Accountants Statement on Auditing Standards No. 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles" ("SAS No. 69"). The adoption of SFAS No. 162 did not have a material effect on the Company's financial statements because the Company has utilized the guidance within SAS No. 69.

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In November 2008, the FASB ratified EITF Issue No. 08-6, "Equity Method Investment Accounting Considerations" ("EITF 08-6"). EITF 08-6 applies to all investments accounted for under the equity method. It states that an entity shall measure its equity investment initially at cost. Contingent consideration should only be included in the initial measurement of the equity method investment if it is required to be recognized by specific authoritative guidance other than SFAS No. 141R. However, if any equity method investment agreement involves a contingent consideration arrangement in which the fair value of the investor's share of the investee's net assets exceeds the investor's initial cost, a liability should be recognized. An equity method investor is required to recognize other-than-temporary impairments of an equity method investment and shall account for a share issuance by an investee as if the investor had sold a proportionate share of its investment. Any gain or loss to the investor resulting from an investee's share issuance shall be recognized in earnings. EITF 08-6 shall be effective in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years and shall be applied prospectively. Adoption of EITF 08-6 did not have a material impact on the determination or reporting of the Company's financial results.

In December 2008, the FASB issued FSP No. FAS 132R-1, "Employers' Disclosures about Postretirement Benefit Plan Assets"("FSP No. FAS 132R-1"). FSP No. FAS 132R-1 amends SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP No. FAS 132R-1 requires additional disclosure on benefit plan investment allocation decision making process, the fair value of each major category of plan assets, the valuation techniques used to measure fair value of the plan assets and any significant concentrations of risk within plan assets. This FSP is effective for fiscal years ending after December 15, 2009, with early application permitted. The Company does not expect that FSP No. FAS 132R-1 will have a significant impact on the determination or reporting of its financial results.

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP No.

FAS 157-4"). FSP No. FAS 157-4 amends SFAS No. 157 and provides additional guidance for estimating fair value in accordance with SFAS No. 157 when the volume and level of activity for the asset or liability have significantly decreased and also includes guidance on identifying circumstances that indicate a transaction is not orderly for fair value measurements. The scope of FSP No. FAS 157-4 does not include assets and liabilities measured under level 1 inputs. FSP No. FAS 157-4 shall be applied prospectively with retrospective application not permitted. This FSP shall be effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company is currently evaluating this FSP but does not expect that it will have a significant impact on the determination or reporting of its financial results.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP No. FAS 107-1 and APB 28-1"). FSP No. FAS 107-1 and APB 28-1 enhances consistency in financial reporting by increasing the frequency of fair value disclosures. FSP No. FAS 107-1 and APB 28-1 relates to fair value disclosures for any financial instruments that are not currently reflected on a company's balance sheet at fair value. Prior to the effective date, fair values for these assets and liabilities have only been disclosed once a year. FSP No. FAS 107-1 and APB 28-1 will now require these disclosures on a quarterly basis, providing qualitative and quantitative information about fair value estimates for all those financial instruments not measured on the balance sheet at fair value. This FSP is effective for interim and annual periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. The Company does not expect that FSP No. FAS 107-1 and APB 28-1 will have a significant impact on the determination or reporting of its financial results.

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

***Accrued Warranties*.** The Company records accruals for potential warranty claims based on its claim experience. The Company’s products are typically sold with a standard warranty covering defects that arise during a fixed period. 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:

	Three Months Ended *March 31, 2009*
Balance at beginning of period	$ 168.4
Accruals for warranties issued during the period	31.9
Changes in estimates	(0.2)
Settlements during the period	(44.0)
Foreign exchange effect/other	(5.0)
Balance at end of period	$ 151.1

NOTE B – BUSINESS SEGMENT INFORMATION

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

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

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

The Cranes segment designs, manufactures and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, truck-mounted cranes (boom trucks and loading cranes) and telescopic container stackers. These products are used primarily for construction, repair and maintenance of infrastructure, building and manufacturing facilities.

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

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

On January 1, 2009, the Company realigned certain operations in an effort to capture market synergies and streamline its cost structure. The Roadbuilding businesses, formerly part of the Company's Roadbuilding, Utility Products and Other segment, are now consolidated within the Construction segment. The Utility Products businesses, formerly part of the Roadbuilding, Utility Products and Other segment, are now consolidated within the Aerial Work Platforms segment. Additionally, the Company's truck-mounted articulated hydraulic crane line of business produced in Delmenhorst and Vechta, Germany, formerly part of the Construction segment, is now consolidated within the Cranes segment. Certain other businesses that were included in the Roadbuilding, Utility Products and Other segment are now reported in Corporate and Other, which includes eliminations among the Company's segments, as well as general and corporate items that have not been allocated to business segments for the three months ended March 31, 2009 and 2008. Business segment information is presented below, and prior period amounts have been retrospectively adjusted to conform to this presentation:

	Three Months Ended March 31,	
	2009	*2008*
Net Sales		
Aerial Work Platforms	$ 228.5	$ 664.7
Construction	261.7	500.6
Cranes	461.4	648.9
Materials Processing & Mining	373.1	564.3
Corporate and Other	(22.1)	(15.8)
Total	$ 1,302.6	$ 2,362.7
(Loss) Income from Operations		
Aerial Work Platforms	$ (41.0)	$ 108.7
Construction	(83.6)	4.5
Cranes	25.4	83.6
Materials Processing & Mining	35.7	68.7
Corporate and Other	(9.0)	(9.2)
Total	$ (72.5)	$ 256.3

	March 31, 2009	*December 31, 2008*
Identifiable Assets		
Aerial Work Platforms	$ 804.4	$ 889.5
Construction	1,360.1	1,480.7
Cranes	1,624.2	1,769.2
Materials Processing & Mining	2,081.2	2,204.6
Corporate and Other	(949.1)	(898.6)
Total	$ 4,920.8	$ 5,445.4

NOTE C – INCOME TAXES

The effective tax rate for the three months ended March 31, 2009 was 24.4%, as compared to an effective tax rate of 33.6% for the three months ended March 31, 2008. The lower tax rate for the three months ended March 31, 2009 was primarily due to the impact of losses incurred in jurisdictions in which the Company does not recognize a tax benefit due to a lack of evidence supporting sufficient future taxable income, adjustments for estimates and settlements of certain income tax audit exposures, and decreased earnings for such period. As earnings decrease, the items that affect income tax expense have a more significant impact on the effective tax rate. When the results are losses instead of profits, the affect of items on the effective tax rate have an opposite impact.

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The Company conducts business globally and, as a result, the Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. 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, the United Kingdom and the U.S. Certain subsidiaries of the Company are currently under audit in Germany and the United Kingdom. It is reasonably possible that these audits may be completed during the next 12 months. While the amount of uncertain tax benefits with respect to these audits may change within this period, it is not anticipated that any of the changes will be significant. With few exceptions, including net operating loss carry forwards in the U.S. and Australia, the Company and its subsidiaries are generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 1999.

NOTE D – EARNINGS PER SHARE

	Three Months Ended March 31, *(in millions, except per share data)*	
	2009	*2008*
Net (loss) income attributable to Terex Corporation common stockholders	$ (74.9)	$ 163.3
Basic Shares:		
Weighted average shares outstanding	94.8	101.1
(Loss) earnings per share – basic:	$ (0.79)	$ 1.62
Diluted shares:		
Weighted average shares outstanding	94.8	101.1
Effect of dilutive securities:		
Stock options and restricted stock awards	-	1.9
Diluted weighted average shares outstanding	94.8	103.0
(Loss) earnings per share – diluted:	$ (0.79)	$ 1.59

Weighted average options to purchase 775 thousand and 16 thousand shares of Common Stock were outstanding during the three months ended March 31, 2009 and 2008, respectively, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 1,612 thousand and 562 thousand were outstanding during the three months ended March 31, 2009 and 2008, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive. SFAS No. 128, "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.

NOTE E – INVENTORIES

Inventories consist of the following:

	March 31, 2009	*December 31, 2008*
Finished equipment	$ 682.7	$ 673.8
Replacement parts	410.1	395.3
Work-in-process	437.3	435.2
Raw materials and supplies	621.8	730.5
Inventories	$ 2,151.9	$ 2,234.8

Reserves for lower of cost or market value, excess and obsolete inventory were $128.3 and $121.0 at March 31, 2009 and December 31, 2008, respectively.

NOTE F – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – net consist of the following:

	March 31, 2009	*December 31, 2008*
Property	$ 52.6	$ 54.3
Plant	209.7	211.8
Equipment	526.7	522.6
	789.0	788.7
Less: Accumulated depreciation	(313.4)	(307.2)
Property, plant and equipment – net	$ 475.6	$ 481.5

NOTE G – ACQUISITIONS

On April 1, 2009, the Company announced that it had entered into a term sheet to acquire the port equipment businesses of Fantuzzi Industries S.a.r.l. and Noell Crane (collectively, "Fantuzzi") for total consideration of approximately €175. Fantuzzi designs, manufactures and services port equipment, with factories in Italy, Germany and China, as well as sales and service branches around the world. Term sheets have also been agreed to with the existing financial creditors to the Fantuzzi group for long-term financing to provide substantially all of the funds necessary to complete the transaction. The term sheets are non-binding and it is the intention of the parties to work to enter into agreements and complete the transaction during the second quarter of 2009.

Terex initially announced the acquisition of Fantuzzi in August 2008 for total consideration of approximately €215 and subsequently announced in December 2008 that it was terminating the acquisition due to the existence of a material adverse change in the Fantuzzi business. After the termination, Fantuzzi disputed the Company's determination and initiated arbitration proceedings against Terex in Italy. However, the parties, together with the lenders to Fantuzzi, continued to engage in discussions to resolve the matter.

2008 Acquisitions

On February 26, 2008, the Company acquired approximately 98% of the outstanding common stock of ASV through a tender offer. This was followed by a merger that was completed on March 3, 2008, pursuant to which the Company acquired all of the remaining outstanding common stock of ASV. The results of ASV are included in the Construction Segment from the date of acquisition. Headquartered in Grand Rapids, Minnesota, ASV is a manufacturer of compact rubber track loaders and related accessories, undercarriages and traction products. The acquisition enhances the Company's product line for smaller construction equipment and provides opportunities for expanding the customer base of ASV and the Company. The Company intends to expand ASV product sales outside the U.S.

The aggregate purchase price for ASV was approximately $457, net of cash acquired. The Company issued 24 thousand restricted shares of the Company's Common Stock valued at $1.7, of which $0.8 was allocated to the purchase price and the remaining $0.9 will be recorded as an expense of the Company over the remaining service period. On the date of acquisition, ASV had approximately $47 in cash.

Although the acquisition of ASV was not material to the Company, given the relative significance of the goodwill originally recorded, the following table provides information summarizing the fair values of the assets acquired and liabilities assumed at February 26, 2008, the date of acquisition:

At February 26, 2008:

Current assets	$ 164
Property, plant and equipment – net	31
Intangible assets	106
Goodwill	254
Other assets	8
Total assets acquired	563
Current liabilities	21
Non-current liabilities	38
Total liabilities assumed	59
Net assets acquired	$ 504

Of the approximately $106 of acquired intangible assets, approximately $74 was assigned to customer relationships with useful lives of 10-15 years, approximately $30 to patents with useful lives of 10-19 years and approximately $2 was assigned to trademarks and trade names with useful lives of 5 years.

Goodwill of $295 was initially recognized on the date of acquisition and purchase accounting adjustments of $41 were recorded through September 30, 2008, primarily related to adjustments to customer relationships, patents and deferred taxes. Goodwill of approximately $254 represented the excess of the purchase price over the fair values of net assets acquired, as determined at that time. None of the goodwill assigned to ASV was expected to be deductible for tax purposes. As a result of the annual impairment test for goodwill performed as of October 1, 2008, all of the goodwill recorded for ASV was deemed impaired.

The Company also completed smaller acquisitions during 2008 in the Aerial Work Platforms and Construction segments that, taken together, had an aggregate purchase price of less than $30. These acquisitions did not have a material impact on the Company’s financial results either individually or in the aggregate.

NOTE H – GOODWILL

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

	Aerial Work Platforms	Construction	Cranes	Materials Processing & Mining	Total
Balance at December 31, 2008	$ 107.6	$ -	$ 114.7	$ 234.7	$ 457.0
Acquisitions	-	-	-	-	-
Foreign exchange effect and other	(0.7)	-	(2.8)	(2.4)	(5.9)
Balance at March 31, 2009	$ 106.9	$ -	$ 111.9	$ 232.3	$ 451.1

Due to a number of factors, including the Company’s realignment of certain operations within reporting units, continued weakness in the macroeconomic environment and a decline in forecasted business performance used in the annual goodwill impairment test as of October 1, 2008, the Company performed an interim goodwill impairment test as of March 31, 2009. As part of the Company’s impairment analysis for its reporting units, management determined the fair value of each of its reporting units based on estimates of their respective future cash flows. These estimates that are used to derive expected cash flow include assumptions regarding future sales levels, the impact of cost reduction programs, and the level of working capital needed to support a given business. The Company relies on data developed by business segment management as well as macroeconomic data in making these calculations. The discounted cash flow model also includes a determination of the Company’s weighted average cost of capital. The cost of capital is based on assumptions about interest rates as well as a risk-adjusted rate of return required by the Company’s equity investors.

The fair value of certain reporting units reflected reductions in the estimated future cash flows of the reporting units based on lower expectations for growth and profitability resulting primarily from the downturn in the economy. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of its reporting units, it is possible that a material change could occur. If the actual results are not consistent with the estimates and assumptions used to calculate the fair value of this reporting unit, then a material impairment of goodwill could result.

Although the interim impairment testing performed in the first quarter of 2009 resulted in the fair value of the reporting units exceeding their carrying value thereby indicating no impairment, the Company's market capitalization has been significantly impacted by the extreme volatility in the U.S. equity and credit markets and has traded below the book value of its stockholders' equity. In a volatile market, the observed market prices of individual trades of a company's shares (and consequently the market capitalization calculated) may not be representative of the fair value of the company as a whole. Management believes the recent decline in the Company's market capitalization may not be representative of the fair value of the Company as a whole due to the current economic downturn.

Due to the ongoing uncertainty in market conditions, which may negatively impact the performance of the Company's reporting units, the Company will continue to monitor the estimated fair value of its reporting units for purposes of determining whether an impairment is evidenced.

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into two types of derivatives: 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.

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, strategies for undertaking various hedge transactions and 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 March 31, 2009, the Company had $400.0 notional amount of this interest rate swap agreement outstanding, which matures in 2017. The fair market value of this swap at March 31, 2009 was a gain of $59.8, which is recorded in Other assets and as an adjustment to the carrying value of the hedged debt.

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 notional amount of this interest rate swap agreement outstanding, which 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. This loss is 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 net adjustment to the carrying value of the hedged debt for the two interest swap agreements is a gain of $56.1.

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 March 31, 2009, the Company had $866.6 notional amount of currency exchange forward contracts outstanding, most of which mature on or before March 31, 2010. The fair market value of these contracts at March 31, 2009 was a net loss of $12.3. At March 31, 2009, $595.5 notional amount ($7.1 of fair value losses) of these swap agreements have been designated as, and are effective as, cash flow hedges of specifically identified transactions. During 2009 and 2008, 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 following table provides the location and fair value amounts of derivative instruments designated as hedging instruments under SFAS No. 133 that are reported in the Condensed Consolidated Balance Sheet as of March 31, 2009:

Asset Derivatives	Balance Sheet Location	Fair Value