TEREX CORP
Form 10-K
February 27, 2009

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)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2008

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
(Exact Name of Registrant as Specified in Charter)

DELAWARE	34-1531521
(State of incorporation)	(I.R.S. Employer Identification No.)
200 NYALA FARM ROAD, WESTPORT, CONNECTICUT	06880
(Address of principal executive offices)	(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 x 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 x
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing

requirements for the past 90 days.
YES x 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
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 x	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 x
The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant was approximately $4,987 million based on the last sale price on June 30, 2008.

THE NUMBER OF SHARES OF THE REGISTRANT'S COMMON STOCK OUTSTANDING WAS 95.0 MILLION AS OF FEBRUARY 19, 2009.

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 2009 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

TEREX CORPORATION AND SUBSIDIARIES
Index to Annual Report on Form 10-K
For the Year Ended December 31, 2008

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 An Report on Form 10-K generally speaks as of December 31, 2008, 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 and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- Our business is cyclical and weak general economic conditions 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 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.

PART I

ITEM 1. BUSINESS

GENERAL

Terex is a diversified global manufacturer of capital equipment focused on delivering reliable, customer relevant solutions for the construction, infrastructure, quarrying, surface mining, shipping, transportation, power and energy industries. Through December 31, 2008, we operated in five reportable segments: (i) Terex Aerial Work Platforms, (ii) Terex Construction, (iii) Terex Cranes, (iv) Terex Materials Processing & Mining and (v) Terex Roadbuilding, Utility Products and Other.

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 current and future 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 grown tremendously since that time, achieving $9.9 billion of net sales in 2008, up from $9.1 billion of net sales in 2007. While much of our historic growth had been achieved through acquisitions, a majority of our recent growth has been generated from existing operations. Since 2004, we have focused on becoming a superb operating company under the Terex franchise.

As we have grown, our business has become increasingly international in scope, with 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.

Effective January 1, 2009, we realigned certain operations in an effort to capture market synergies and streamline our cost structure. Our Roadbuilding businesses, formerly part of our Roadbuilding, Utility Products and Other segment, will now be consolidated within our Construction segment. Our Utility Products businesses, formerly part of our Roadbuilding, Utility Products and Other segment, will now be consolidated within our Aerial Work Platforms segment. Certain other businesses that were included in the Roadbuilding, Utility Products and Other segment will now be reported in Corporate and Other, which includes eliminations among our segments. Additionally, our truck-mounted articulated hydraulic crane line of business produced in Delmenhorst and Vechta, Germany, formerly part of our Construction segment, will now be consolidated within our Cranes segment. The segment disclosures included herein do not reflect these realignments. We will give effect to these realignments in our segment reporting for financial reporting periods beginning January 1, 2009, at which point the Roadbuilding, Utility Products and Other segment will cease to be a reportable segment.

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, power products and construction trailers. Products include material lifts, portable aerial work platforms, trailer-mounted articulating booms, self-propelled articulating and telescopic booms, scissor lifts, telehandlers,

construction trailers, trailer-mounted light towers, power buggies, portable generators, related components and replacement parts, and other products. Customers use our products to construct and maintain industrial, commercial and residential buildings and facilities, 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;
- Construction trailers are manufactured in Elk Point, South Dakota;
- Telehandlers are manufactured in Baraga, Michigan and Perugia, Italy; and
- Trailer-mounted light towers, trailer-mounted articulated booms, power buggies and generators are manufactured in Rock Hill, South Carolina.

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

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

CONSTRUCTION

Our Construction segment designs, manufactures and markets two 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; and
- Compact construction equipment, including loader backhoes, truck-mounted articulated hydraulic cranes, compaction equipment, mini and midi excavators, site dumpers, compact track loaders, skid steer loaders and wheel loaders.

Construction, forestry, rental, mining, industrial and government customers use these products in construction and infrastructure projects 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

- 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, chassis components for compact track loaders are manufactured in Cohasset, Minnesota and crawler conversion parts for compact track loaders and aerial work platform products are manufactured in Casselton, North Dakota;
- Site dumpers, compaction equipment and loader backhoes, as well as equipment for the Terex Aerial Work Platforms segment, are manufactured in Coventry, England;
- Small and midsized wheel loaders, mini excavators and midi excavators are manufactured in Langenburg, Gerabronn, Rothenburg, Crailsheim and Clausnitz, Germany;
- Truck-mounted articulated hydraulic cranes are manufactured in Delmenhorst and Vechta, Germany;
- Loader backhoes and skid steer loaders are manufactured for the Indian market in Greater Noida, Utter Pradesh, India; and
- Mini excavators are manufactured for the Chinese market in Sanhe, China.

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 and articulated 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 and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, truck-mounted cranes (boom trucks) and telescopic container stackers, 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. We market our Cranes products principally under the Terex® brand name and the Terex® name in conjunction with certain historic brand names.

Cranes has the following significant manufacturing operations:

- Rough terrain 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;
- Lift and carry cranes are manufactured in Brisbane, Australia;
- Tower cranes are manufactured in Fontanafredda and Cusano Milanino, Italy;
- Lattice boom crawler cranes and tower cranes are manufactured in Wilmington, North Carolina; and
- Lattice boom crawler and wheel-mounted cranes, as well as all terrain cranes, are manufactured in Zweibruecken, Wallerscheid and Bierbach, Germany and Pecs, Hungary.

We plan to begin the manufacture of tower crane components at our facility in Tianjin, China.

MATERIALS PROCESSING & MINING

Our Materials Processing & Mining segment designs, manufactures and markets materials processing equipment (including crushers, impactors, washing systems, screens and feeders), hydraulic mining excavators, highwall mining equipment, high capacity surface mining trucks, drilling equipment, related components and replacement parts, and other products. Construction, mining, quarrying and government customers use these products in construction and infrastructure projects and commodity mining. We market our Materials Processing & Mining products principally under the Terex® and Powerscreen® brand names and the Terex® name in conjunction with certain historic brand names.

Materials Processing & Mining has the following significant manufacturing operations:

- Hydraulic mining excavators are manufactured in Dortmund, Germany;
- Drilling equipment and tools are manufactured in Denison, Texas and Halifax, England;
- High capacity surface mining trucks are manufactured, and components for other Terex businesses are fabricated, in Acuña, Mexico;
- Highwall mining equipment is manufactured in Beckley, West Virginia;

- Materials processing equipment is manufactured in Melbourne, Australia, Subang Jaya, Malaysia, Chomburi, Thailand, Durand, Michigan, Coalville, England, Omagh, Northern Ireland, and Dungannon, Northern Ireland; and

- Materials processing equipment, along with asphalt pavers for the Terex Roadbuilding, Utility Products and Other segment, are manufactured in Cedar Rapids, Iowa.

We have a North American distribution center for materials processing products in Louisville, Kentucky.

We own a controlling 50% interest in Terex NHL Equipment Co., Ltd., a company incorporated under the laws of China, which was formed to provide manufacturing capability for surface mining trucks in China.

We also 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.

We are in the process of developing a facility in Hosur, India for the manufacture of crushing and screening equipment. We plan to begin the manufacture of hydraulic mining excavators at our facility in Tianjin, China.

ROADBUILDING, UTILITY PRODUCTS AND OTHER

Our Roadbuilding, Utility Products and Other segment designs, manufactures and markets asphalt and concrete equipment (including pavers, transfer devices, plants, mixers, reclaimers/stabilizers, placers and cold planers), landfill compactors, bridge inspection and utility equipment (including digger derricks, aerial devices and cable placers), as well as related components and replacement parts. Government, utility, infrastructure and construction customers use these products to build roads and bridges, construct and maintain utility lines, trim trees and for other commercial operations. We market our Roadbuilding, Utility Products and Other products principally under the Terex® brand name and the Terex® name in conjunction with certain historic brand names.

Roadbuilding, Utility Products and Other has the following significant manufacturing operations:

- Cold planers, reclaimers/stabilizers, asphalt plants, concrete plants, concrete pavers, concrete placers and landfill compactors are manufactured in Oklahoma City, Oklahoma;
- Asphalt pavers and transfer devices are manufactured in Cedar Rapids, Iowa;
- Asphalt pavers and asphalt plants are manufactured in Cachoeirinha, Brazil;
- Concrete pavers are manufactured in Canton, South Dakota and Opglabbeek, Belgium;
- Bridge inspection equipment is manufactured in Rock Hill, South Carolina;
- Front and rear discharge concrete mixer trucks are manufactured in Fort Wayne, Indiana; and
- Utility aerial devices and digger derricks are manufactured in Watertown, South Dakota.

We also own much of the North American distribution channel for the utility products group. These operations sell, service and rent our utility aerial devices and digger derricks 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 concrete mixers and aerial devices. We also operate a fleet of rental utility products in the United States and Canada.

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.

BUSINESS STRATEGY

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. This will continue to be our focus throughout this demanding economic environment.

Short-Term

We believe that the coming year will be challenging. In an environment of tight credit, declining economic activity and constrained access to investment capital, disciplined management of cash flow will be critical to our business success. While we do not anticipate significant difficulties with overall liquidity, we do believe that sound management of day-to-day operations and sound decision-making about business investments will improve our overall liquidity and increase our flexibility to make value-adding investments in our future. While cash management is always a focus for our Company, it will be even more so in the current environment.

We believe that the present environment may offer opportunities to strengthen and improve on our business positions around the world. Disciplined cash management and our continued, although more limited, access to external capital during these challenging times could provide opportunities to invest in our businesses in ways that will strengthen us for the market recovery. We continually manage a pipeline of both internal and external investment opportunities and, although our investment thresholds will be higher, we will continue to act when the right opportunities present themselves.

Long-Term

Despite these challenging times, our purpose remains to improve the lives of people around the world. Our mission is to delight our current and future construction, infrastructure, mining and other customers with value added offerings that exceed their current and future needs. To achieve our mission we must attract the best people by creating a Terex culture that is safe, exciting, creative, fun and embraces continuous improvement.

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.

We operate our business based on our value system, "The Terex Way," that helps define our culture. 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, continuous improvement culture and collaboration. We continuously search for new and better ways of doing things, focusing on the elimination of waste and continuous improvement.
- 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 respect all people's values and cultures and are good global, national and local citizens.

One example of how The Terex Way improves our business is our commitment to safety both for our team members in the workplace and for the operators of our equipment. We strive to design and manufacture quality products that are safe to use and operate in an environmentally conscious manner. We are dedicated to ensuring that the safety and health of our team members is protected through appropriate work practices, training and procedures. In 2008, we implemented a new process to investigate accidents and put into place corrective measures to help ensure that similar accidents do not occur anywhere else in our Company. As a result of this and other safety initiatives, we reduced Terex lost time injuries in 2007 and 2008 by approximately 25% each year and our goal in 2009 is to further reduce Terex lost time injuries by another 25%.

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.

Leadership Commitment for Competitive Advantage is the first foundational element for the Terex Business System. The commitment of our leaders to the Terex Business System and its principles is the best way to increase our chances of success going forward. Our leaders set a compelling vision about an exciting, shared future and work to foster trust and teamwork among our team members.

Superb Human Resource Practices is the second foundational element in the Terex Business System. Our team members are the Company's most valuable asset. We are committed to making Terex a preferred place to work filled with energized people who share the Terex values and culture. We aim to acquire, develop and retain diverse and agile team members.

Customer Driven Business Processes is the third foundational element in the Terex Business System and deals with how we conduct our business by focusing on our customer. We endeavor to engage in activities across Terex, which deliver value to our customers and constantly work to eliminate the waste of non-value added activities. We strive to create and improve our business processes in a way that is organized around the customer. Our process initiatives focus on continuous improvement, 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.

Achieving Intense Customer Focus represents the importance of our customer to our business success. Terex is committed to being customer-centric, to meet or exceed customer needs in all aspects of our products and services. This requires an intense understanding of what our customers need and striving to satisfy them. We aim to build relationships with our customers that they can depend on and that makes it easier for our customers to do their jobs. We understand that our success will flow from our customers' success, and that the value of our products is defined and determined by our customers.

Planning Excellence and Annual Deployment recognizes that we must have well defined initiatives and action plans in order to achieve our objectives. This requires dedication to planning to achieve the strategic intent of our business, based on quality information about our customers, competitors, markets, economic trends and technological developments. We must deploy our assets appropriately to align our business performance with our objectives. In the spirit of continuous improvement, we are committed to reviewing our performance based on critical metrics and improving our planning based on our progress.

Developing Operational Excellence Across the Entire Value Chain is vital to our delivering high quality, reliable products on time and at a low cost to our customers. This means working with our suppliers to cut lead times and increase inventory turnover, improving the quality of our existing and new products, improving our order entry and scheduling activities, and developing effective management systems for all of our processes, products and people. To achieve operational excellence in the supply chain, in design and in manufacturing, we apply lean principles and lean thinking to every aspect of our business. The core applications of the lean approach involve our promoting a culture of continuous improvement and removing waste (anything that does not add value) at every organizational level of the

Company.

Rapidly Delivering New Products and Services means acting on the voice of the customer and quickly moving to develop products and services that better meet and exceed customer expectations. It involves listening to the customer's needs and wants, understanding them, and then optimizing design and production efforts to best deliver new products. This requires innovation and efficiency, and a commitment beyond providing products to also providing the services that are an important part of the overall customer experience.

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 have launched key strategic initiatives to drive our future success. Some of these initiatives on which we will focus in the coming year include:

Strategic Sourcing. We are in the process of developing and implementing best in class capability in supply chain management, logistics and global purchasing. We are focused on gaining efficiencies with suppliers based on our global purchasing power and resources. These efforts, if successful, will result in material savings across the entire Terex organization. We are developing a world-class global supply base, with better delivery, improved quality and net cost savings for Terex. Through mid-2008, our sourcing efforts helped to mitigate, to some extent, rising costs in commodities and components. Over the coming years, we see an opportunity to reduce costs through a combination of improved pricing, consolidated spending, and changes in internal processes and practices.

Customer Satisfaction. We have implemented a customer satisfaction measurement and improvement process to understand the current level of our customer's satisfaction. Through this process, which is based on the Net Promoter Score methodology, we have gained significant insights regarding customer priorities and customer perceptions. Numerous actions are underway or planned for 2009, as a direct result of the input received from our customers, including implementing changes to improve initial product quality and after market support of our products. We believe these actions will significantly improve the effectiveness of our businesses, as we continue on our journey of continuous improvement in delighting our customers and providing our customers with the value they desire in the products they purchase.

Developing Markets. We remain focused on expanding the geographic reach of our businesses, emphasizing developing areas, including China, Russia, India, the Middle East, Africa and Latin America, which accounted for more than 23% of our sales in 2008. While no market is immune to the effects of the current global financial and economic situation, we believe that developing markets will prove to be attractive places in which to operate and do business in the decades to come. In 2008, we established plans for each major developing market and have put team members in place to facilitate and support the execution of these plans. These efforts will evolve over the next several years as we look to grow our business, sales and profits in some of the world's most important long-term equipment markets.

While we have developed a geographically diverse revenue base with approximately 38% of our revenues derived from the Americas, 42% from Europe, Africa and the Middle East and 20% from Asia and Australia, our long-term goal is a revenue base of 1/3 of revenue from the Americas, 1/3 from Europe, Africa and the Middle East and 1/3 from Asia and Australia.

New Product Identification and Development Process. We introduced a new common product development process across all of our businesses in 2008. This process is focused on ensuring that we design our new products to best meet customer needs and that the quality, cost and delivery of our new products meet customer and our expectations. The process starts with the voice of the customer and will help ensure that we identify and develop the right products and launch them successfully to retain existing and attract new customers. We anticipate improved productivity and reduced engineering costs through the implementation of this process. More than 1,200 team members have been trained as part of this new process and there are over 60 significant projects currently being managed.

Terex Management System ("TMS"). We are in the early stages of a multi-year implementation of a worldwide enterprise resource-planning system. In 2008, we implemented TMS at three businesses in three different countries. TMS has already produced tangible benefits by eliminating duplicate data entry and providing near real-time information. We believe these improvements will result in long-term cost savings and increased productivity. As we further implement TMS, we believe the magnitude of realized benefits will increase. We expect TMS to drive significant integration within our Company, improving information for decision support, reducing complexity and improving accuracy, thereby improving the customer experience and realizing improved supply chain economies through the greater visibility into our business that this system will provide. In 2009, TMS will be implemented at several additional businesses as part of a multi-year implementation program.

Diversity and Inclusion. We are committed to having a diverse and inclusive work force that will help us consistently achieve our business results in culturally conscious, ethical and appropriate ways. Increased diversity and inclusion will allow us to respond to rapidly changing global demographics and a global market for talent, aid us in opening new markets, improve our ability to innovate and to solve problems and make our organization more productive. In 2008, we trained over 800 of our top leaders about the importance of diversity and inclusion, with a particular focus on developing a workforce that understands, appreciates and leverages the unique skills and experiences of people from different cultures. We also created diversity and inclusion plans at 10 of our largest facilities around the world, and in 2009, we will continue to enhance our focus on diversifying our leadership teams and increasing diversity training throughout the Company.

TBS Assessment and Education. In 2008, we introduced an operational diagnostic tool to measure and assess how well we are implementing our TBS lean manufacturing program, with an aim of identifying our current situation and the gaps we need to address in order to create a mature enterprise-wide operating system at Terex. In addition, we aim to establish and nurture a problem solving culture within Terex, focused on development of leaders who promote learning, business process thinking by all team members and a continuous improvement mindset. Assessments were performed in over 75% of our businesses in 2008 and a multi-phased training program was launched to reinforce TBS principles in our Company. In 2009, we will, based on the results of our assessment, begin to address the critical areas for improvement and will continue to deploy TBS training to advance the understanding and capabilities of all team members in key TBS concepts.

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.

CONSTRUCTION TRAILERS. Construction trailers are used in the construction and rental industries to haul materials and equipment. We also produce trailers used by the United States military for critical hauling applications. Bottom dump material trailers are used to transport raw aggregates, crushed aggregates and finished hot mix asphalt paving material. Lowbed trailers are used primarily to transport construction equipment.

TELEHANDLERS. Telehandlers are used to move and place materials on residential and commercial job sites and are used in the landscaping, recycling and agricultural industries.

POWER PRODUCTS. We produce equipment for delivering power, including trailer-mounted light towers, power buggies and portable generators.

- Trailer-mounted light towers are used primarily to light work areas for night construction activity.
- Power buggies are used primarily to transport concrete from the mixer to the pouring site.
- Generators are used to provide electric power on construction sites and other remote locations.

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.

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.
- Truck-mounted articulated hydraulic cranes are available in two product categories. The “knuckle boom” crane can be mounted on either the front or the rear of commercial trucks and is folded within the width of the truck while in transport. The “V-boom” crane is also mounted on the front or the rear of the truck and spans the length of the truck while folded.

CRANES

We offer a wide variety of cranes, including mobile telescopic cranes, tower cranes, lattice boom crawler cranes, boom trucks 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.

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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 and building and construction sites, and combine high road speed and all terrain capability without the need for outriggers.

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 for mounting on commercial truck chassis. Truck-mounted cranes are used primarily in the construction industry 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 the installation of commercial air conditioners and other roof-mounted equipment.

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

MATERIALS PROCESSING & MINING

MINING EQUIPMENT. We offer high capacity surface mining trucks, hydraulic mining excavators and highwall mining equipment used in the surface mining industry.

- High capacity surface mining trucks are off-road dump trucks. They are powered by a diesel engine driving an electric alternator that provides power to individual electric motors in each of the rear wheels. Our product line consists of a series of rear dump trucks ranging in size from 150 tons to 400 tons.
- Hydraulic mining excavators in shovel or backhoe versions are primarily used to dig overburden and minerals and load them into trucks. These excavators are utilized in surface mines, quarries and large construction sites around the world.
- Highwall mining equipment is a self-contained coal mining system that remotely mines underground coal from the surface of a strip mining operation to predetermined depths.

DRILLING EQUIPMENT. We offer a wide selection of drilling equipment and tools for surface and underground mining, quarrying, construction and utility applications. Our drilling equipment includes jumbo drills used in underground hard rock mining and tunneling, hydraulic track drills for quarrying, construction, and mining, rotary

drills for open pit mining and auger drills used in construction and foundation applications. Drilling tools also include a broad line of auger tools. We also design, manufacture and distribute down-the-hole drill bits and hammers for drills.

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

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. Generally, they are better suited for larger reduction on materials with low to medium abrasiveness.
- 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, which utilize rotor impact bars and breaker plates to achieve high production tonnages and improved aggregate particle shape. 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. Vertical shaft impactors can be customized to material conditions and desired product size/shape.

Our screening equipment includes:

- Heavy duty inclined screens and feeders are used in high tonnage applications. These units are typically custom designed to meet the needs of each customer. Although primarily found in stationary installations, we supply a variety of screens and feeders for use on heavy-duty portable crushing and screening spreads.
- Inclined screens are used in all phases of plant design from handling quarried material to fine screening. Capable of handling much larger capacity than a flat screen, inclined screens are most commonly found in large stationary installations where maximum output is required.
- 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.
    - Horizontal screens combine high efficiency with the capacity, bearing life and low maintenance of an inclined screen. They are adaptable for heavy scalping, standard duty and fine screening applications.

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.

ROADBUILDING, UTILITY PRODUCTS AND OTHER

We offer a diverse range of products for the roadbuilding, utility and construction industries and governments.

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.

UTILITY EQUIPMENT. Our utility products include digger derricks, 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 away from energized electrical lines, as well as for miscellaneous purposes such as sign maintenance.
- Cable placers are used to install fiber optic, copper and strand telephone and cable lines.

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

	PERCENTAGE OF SALES		
PRODUCT CATEGORY	2008	2007	2006
Mobile Telescopic & Truck Cranes	20%	17%	16%
Aerial Work Platforms	18	21	21
Mining & Drilling Equipment	14	12	9
Heavy Construction Equipment	11	12	11

Lattice Boom Crawler & Tower Cranes and Telescopic Container Stackers	11	9	8
Materials Processing Equipment	10	11	10
Compact Construction Equipment	6	6	8
Telehandlers, Construction Trailers & Light Construction Equipment	3	4	7
Roadbuilding Equipment	3	3	5
Utility Equipment	3	2	4
Other	1	3	1
TOTAL	100%	100%	100%

BACKLOG

Our backlog as of December 31, 2008 and 2007 was as follows:

	December 31,	
	2008	2007
	(in millions)	
Aerial Work Platforms	$ 83.1	$ 652.4
Construction	240.2	682.2
Cranes	1,925.3	2,005.5
Materials Processing & Mining	595.7	692.9
Roadbuilding, Utility Products and Other	111.3	147.9
Total	$ 2,955.6	$ 4,180.9

Substantially all of our backlog orders 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 backlogs 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 backlogs 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, 2008 decreased by $1,225.3 million from our backlog amounts at December 31, 2007. However, the U.S. dollar strengthened relative to many other foreign currencies during 2008. The translation effect of foreign currency exchange rate changes accounted for approximately $366 million of the decrease in backlog from December 31, 2007.

Our Aerial Work Platforms segment backlog decreased $569.3 million to $83.1 million at December 31, 2008 from $652.4 million at December 31, 2007, primarily due to softening demand, particularly in North America and Western Europe. Our customers for aerial work platforms are primarily rental companies. Historically, these customers have placed annual orders early in the New Year to prepare for their busy season during the Northern Hemisphere summer. At December 31, 2007, demand was strong in Europe and our customers there placed their annual orders earlier than they have historically. Backlog at December 31, 2008 is lower because construction activity has dramatically slowed, with many of our end markets experiencing 40%-50% declines in demand. As a result, our customers are waiting to place orders until there is greater clarity regarding demand during this unsettled economic period. The translation effect of foreign currency exchange rate changes accounted for approximately $118 million of the decrease from December 31, 2007.

Our Construction segment backlog at December 31, 2008 decreased $442.0 million to $240.2 million, as compared to $682.2 million at December 31, 2007. Backlog at December 31, 2008 was lower primarily due to a significant reduction in construction activity in most end markets for the segment’s products. The translation effect of foreign currency exchange rate changes accounted for approximately $79 million of the decrease in backlog from December 31, 2007.

The backlog at our Cranes segment decreased $80.2 million to $1,925.3 million at December 31, 2008 from $2,005.5 million at December 31, 2007. Backlog at December 31, 2008 was slightly lower because, although global demand

continued for crawler and all-terrain cranes, demand slowed considerably in the fourth quarter of 2008 for rough terrain cranes. Demand for tower cranes, as well as smaller capacity cranes, particularly boom trucks and truck cranes, has also weakened. We have also begun to recover from supplier constraints, which has converted previously reported backlog into sales. The translation effect of foreign currency exchange rate changes accounted for approximately $67 million of the decrease in backlog from December 31, 2007.

Our Materials Processing & Mining segment backlog at December 31, 2008 decreased $97.2 million to $595.7 million compared to $692.9 million at December 31, 2007. Backlog at December 31, 2008 was lower primarily due to the translation effect of foreign currency exchange rates changes, which accounted for approximately $101 million of the decrease from December 31, 2007. Weak demand for materials processing products was partially a driver of lower backlog. However, global commodity demand continued to support mining equipment backlog, although there are signs of increasing weakness due to the recent softening of commodity prices.

The backlog at our Roadbuilding, Utility Products and Other segment decreased $36.6 million to $111.3 million at December 31, 2008 from $147.9 million at December 31, 2007, mainly due to reduced demand for North American asphalt plants and concrete mixer trucks.

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 power 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.

Construction trailers are distributed primarily through dealers in the United States and are sold directly to users when local dealers are not available.

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.

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 forty dealers located in India, Nepal and neighboring countries.

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 & MINING

We distribute surface mining products and services through a global network of wholly owned subsidiaries, regional sales and support offices, joint venture partners and through independent dealership networks. In addition, our excavators may be sold and serviced through authorized Caterpillar dealers.

Highwall mining systems are sold through independent dealers and directly to end user customers.

Materials processing equipment is distributed principally through a worldwide network of independent distributors and dealers.

ROADBUILDING, UTILITY PRODUCTS AND OTHER

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.

We sell utility equipment to the utility and municipal markets through a network of both company-owned and independent distributors in North America.

RESEARCH AND DEVELOPMENT

We maintain engineering staff at most of our locations. 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.

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. For example, we are establishing engineering capabilities in India to support our engineering organization worldwide and to develop products for the local market.

Our costs incurred in the development of new products, cost reductions, or improvements to existing products of continuing operations amounted to $71.2 million, $69.5 million and $52.6 million in 2008, 2007 and 2006, respectively. The increase from 2007 to 2008 was primarily due to our expanded product portfolio and investments in the engineering priorities described above. The increase from 2006 to 2007 was mainly due to new product development and quality control of our sourced materials in our Cranes and Materials Processing & Mining segments.

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. A weakening of steel prices at the end of 2008, particularly in the commodity grades, will likely result in lower steel costs in 2009. However, we will not realize a significant improvement in our steel costs until later in 2009, when we will have utilized material already in our inventory.

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, 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:

BUSINESS SEGMENT	PRODUCTS	PRIMARY COMPETITORS
Aerial Work Platforms	Boom Lifts	Oshkosh (JLG), Haulotte, Linamar (Skyjack), Tanfield (Snorkel and Upright) and Aichi
	Scissor Lifts	Oshkosh (JLG), Linamar (Skyjack), Haulotte, Tanfield (Snorkel and Upright)
	Construction Trailers	Trail King, Talbert, Fontaine, Rogers, Etnyre, Ranco, Clement, CPS, as well as regional suppliers
	Telehandlers	Oshkosh (JLG, Skytrak, Caterpillar, Gradall and Lull brands), JCB, CNH, Merlo and Manitou (Gehl)
	Trailer-mounted Light Towers	Allmand Bros., Magnum and Doosan (Ingersoll-Rand)
	Power Buggies	Multiquip and Stone
	Generators	Doosan (Ingersoll-Rand), Multiquip, Magnum, Wacker and Caterpillar
Construction	Articulated Off-highway Trucks & Rigid Off-highway Trucks	Volvo, Caterpillar, Moxy, John Deere, Bell and Komatsu
	Scrapers	Caterpillar
	Excavators	Caterpillar, Komatsu, Volvo, John Deere, Hitachi, CNH, Sumitomo (Link-Belt), Doosan, Hyundai and Liebherr

Truck-mounted Articulated Hydraulic Cranes	Palfinger, HIAB, HMF, Effer and Fassi
Material Handlers	Liebherr, Sennebogen and Caterpillar
Wheel Loaders	Caterpillar, Volvo, Kubota, Kawasaki, John Deere, Komatsu, Hitachi, CNH, Liebherr and Doosan
Loader Backhoes	Caterpillar, CNH, JCB, Komatsu, Volvo and John Deere
Compaction Equipment	Doosan (Ingersoll-Rand), Caterpillar, Bomag, Amman, Dynapac and Hamm
Mini Excavators	Doosan (Bobcat), Yanmar, Volvo, Takeuchi, IHI, CNH, Caterpillar, John Deere, Neuson and Kubota
Midi Excavators	Komatsu, Hitachi, Volvo and Yanmar
Site Dumpers	Thwaites and AUSA
Skid Steer Loaders	Doosan (Bobcat), CNH and JCB
Compact Track Loaders	Doosan (Bobcat), Caterpillar, CNH, John Deere, Takeuchi and Gehl

BUSINESS SEGMENT	PRODUCTS	PRIMARY COMPETITORS
Cranes	Mobile Telescopic Cranes	Liebherr, Manitowoc (Grove), Tadano-Faun, Sumitomo (Link-Belt), Kato, XCMG and Sany
	Tower Cranes	Liebherr, Manitowoc (Potain), Comansa and MAN Wolff
	Lattice Boom Crawler Cranes	Manitowoc, Sumitomo (Link-Belt), Liebherr, Hitachi, Kobelco, XCMG and Sany
	Boom Trucks	Manitowoc (National Crane), Palfinger, Hiab, Altec, Fassi, Manitex and PM
	Telescopic Container Stackers	Kalmar, SMV, CVS Ferrari, Fantuzzi, Liebherr and Linde
Materials Processing & Mining	Hydraulic Mining Excavators	Hitachi, Komatsu and Liebherr
	High Capacity Surface Mining Trucks	Caterpillar, Komatsu, Liebherr and Euclid/Hitachi
	Highwall Mining Equipment	ICG Addcar Systems and American Highwall Systems
	Drilling Equipment	Sandvik, Atlas Copco, Furukawa and Altec
	Materials Processing Equipment	Metso, Astec Industries, Sandvik, Komatsu, Deister Machine and McCloskey Brothers
Roadbuilding, Utility Products & Other	Asphalt Pavers and Transfer Devices	Volvo (Blaw-Knox), Fayat (Bomag), Caterpillar, Wirtgen (Ciber), Atlas Copco (Dynapac), Astec (Roadtec) and Wirtgen (Vogele)

Asphalt Plants	Astec Industries, Gencor Corporation, All-Mix, Ciber and ADM
Bridge Inspection Equipment	Moog USA and Barin
Cold Planers	Fayat (Bomag), Caterpillar, Atlas Copco (Dynapac), Wirtgen and Astec (Roadtec)
Concrete Production Plants	Con-E-Co, Erie Strayer, Helco, Hagen and Stephens
Concrete Pavers	Gomaco, Wirtgen, Power Curbers and Guntert & Zimmerman
Concrete Placers	Gomaco, Wirtgen and Guntert & Zimmerman
Concrete Mixers	McNeilus, Oshkosh, London and Continental Manufacturing
Landfill Compactors	Al-Jon, Fayat (Bomag) and Caterpillar
Reclaimers/Stabilizers	Caterpillar, Wirtgen and Fayat (Bomag),
Utility Equipment	Altec and Time Manufacturing

MAJOR CUSTOMERS

None of our customers accounted for more than 10% of our consolidated sales in 2008. We are not dependent upon any single customer.

EMPLOYEES

As of December 31, 2008, we had approximately 20,000 employees, including approximately 7,000 employees in the U.S. Approximately 12% of our employees in the U.S. are represented by labor unions. Outside of the U.S., we enter into employment contracts and collective agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction. We generally consider our relations with our employees to be good.

PATENTS, LICENSES AND TRADEMARKS

We use proprietary materials such as patents, trademarks, trade secrets and trade names in our operations and take actions to protect these rights.

We use several significant trademarks and trade names, most notably the Terex®, Bid-Well®, Genie® and Powerscreen® trademarks. The P&H trademark is a registered trademark of Joy Global Inc. that a subsidiary of the Company has the right to use for certain products until 2011 pursuant to a license agreement. We also have the right to use the O&K and Orenstein & Koppel names (which are registered trademarks of O&K Orenstein & Koppel AG) for most applications in the mining business for an unlimited period. The other trademarks and trade names of the Company referred to in this Annual Report include registered trademarks of Terex Corporation or its subsidiaries.

We have many patents that we use in connection with our operations, and most of our products contain some proprietary components. Many of these patents and related proprietary technology are important to the production of particular products; however, overall, our patents, taken together, are not material to our business or our financial results, nor does our proprietary technology provide us with a competitive advantage over our competitors.

We protect our proprietary rights through registration, agreements and litigation to the extent we deem appropriate. We own and maintain trademark registrations and patents in countries where we conduct business, and monitor the status of our trademark registrations and patents to maintain them in force and renew them as appropriate. The duration of active registrations varies based upon the relevant statutes in the applicable jurisdiction. We also take further actions to protect our proprietary rights when circumstances warrant, including the initiation of legal proceedings if necessary.

Currently, we are engaged in various legal proceedings with respect to intellectual property rights, both as a plaintiff and as a defendant. While the final outcome of these matters cannot be predicted with certainty, we believe the outcome of such matters will not have a material adverse effect, individually or in the aggregate, on our business or operating performance.

SAFETY AND ENVIRONMENTAL CONSIDERATIONS

As part of The Terex Way, we are committed to provide a safe and healthy environment for our team members, and strive to provide quality products that are safe to use and operate in an environmentally conscious and respectful manner.

All of our employees are required to obey all applicable national, local or other health, safety and environmental laws and regulations and must observe the proper safety rules and environmental practices in work situations. We are

committed to complying with these standards and monitoring our workplaces to determine if equipment, machinery and facilities meet specified safety standards. We are dedicated to seeing that safety and health hazards are adequately addressed through appropriate work practices, training and procedures.

We generate hazardous and non-hazardous wastes in the normal course of our manufacturing operations. As a result, we are subject to a wide range of federal, state, local and foreign environmental laws and regulations. These laws and regulations govern actions that may have adverse environmental effects, such as discharges to air and water, and require compliance with certain practices when handling and disposing of hazardous and non-hazardous wastes. These laws and regulations would also impose liability for the costs of, and damages resulting from, cleaning up sites, past spills, disposals and other releases of hazardous substances, should any of such events occur. No such incidents have occurred which required us to pay material amounts to comply with such laws and regulations.

Compliance with laws and regulations regarding safety and the environment has required, and will continue to require, us to make expenditures. We do not expect that these expenditures will have a material adverse effect on our business or profitability.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS, GEOGRAPHIC AREAS AND EXPORT SALES

Information regarding foreign and domestic operations, export sales and segment information is included in Note B - “Business Segment Information” in the Notes to the Consolidated Financial Statements.

SEASONAL FACTORS

Over the past several years, our business has become less seasonal. As we have grown, diversified our product offerings and expanded the geographic reach of our products, our sales have become less dependent on construction products and sales in the United States and Europe. As we enter 2009, the negative economic environment will be more of a factor on our sales than historical seasonal trends, depressing sales in most of our businesses, and will likely dampen demand until credit markets improve.

WORKING CAPITAL

Our businesses are working capital intensive and require funding for purchases of production and replacement parts inventories, capital expenditures for repair, replacement and upgrading of existing facilities, as well as trade financing for receivables from customers and dealers. We have debt service requirements, including semi-annual interest payments on our senior subordinated notes and monthly interest payments on our bank credit facility. We believe that cash generated from operations, together with availability under our bank credit facility and cash on hand, provide us with adequate liquidity to meet our operating and debt service requirements. We have increased our focus on internal cash flow generation to facilitate execution of operating strategies in a time when access to external capital markets is less certain. Our actions include delaying certain capital spending projects, suspending our share repurchase program, reducing production levels and working with our strategic supply partners to reschedule incoming raw materials in an effort to maintain liquidity in view of current conditions in the economy and credit markets. For more detail on worki